

**EXECUTION VERSION**

# **SUBSCRIPTION AGREEMENT**

**26 OCTOBER 2017**

**BETWEEN**

**BRASS NO.6 PLC**

**and**

**ACCORD MORTGAGES LIMITED**

**and**

**YORKSHIRE BUILDING SOCIETY**

**and**

**BARCLAYS BANK PLC**

**and**

**BNP PARIBAS, LONDON BRANCH**

**and**

**LLOYDS BANK PLC**

**IN RESPECT OF**

**£2,300,000,000 CLASS A MORTGAGE BACKED FLOATING RATE NOTES DUE  
DECEMBER 2060**

**£500,000,000 CLASS Z VARIABLE FUNDING NOTES DUE DECEMBER 2060**

**ALLEN & OVERY**

**Allen & Overy LLP**

0017744-0000100 ICM:27820165.7

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**THIS AGREEMENT** is made as a deed on 26 October 2017.

**BETWEEN:**

- (1) **BRASS NO.6 PLC**, a company incorporated in England and Wales with limited liability (registered number 10917466), and having its registered office at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (the **Issuer**);
- (2) **ACCORD MORTGAGES LIMITED**, a company incorporated in England and Wales with limited liability (registered number 02139881), and having its registered office at Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire, BD5 8LJ (**Accord** in its capacities as the **Seller**, the **VFN Purchaser** and the **originator** for risk retention purposes);
- (3) **YORKSHIRE BUILDING SOCIETY**, a building society incorporated under the Building Societies Act 1986 (as amended) of England and Wales, whose registered address is at Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ (**YBS** and the **Initial Notes Purchaser** and together with the VFN Purchaser and each Joint Lead Manager, the **Note Purchasers**);
- (4) **BARCLAYS BANK PLC**, a company incorporated in England and Wales with limited liability (registered number 01026167), acting through its office at 5 The North Colonnade, Canary Wharf, London E14 5HQ (**Barclays** in its capacity as the **Arranger** and a **Joint Lead Manager**);
- (5) **BNP PARIBAS, LONDON BRANCH**, a French *société anonyme* acting through its branch at 10 Harewood Avenue, London, NW1 6AA (**BNP Paribas** in its capacity as a **Joint Lead Manager**); and
- (6) **LLOYDS BANK PLC** (registered number 2065), a public limited company incorporated under the laws of England and Wales whose registered office is at 25 Gresham Street, London EC2V 7HN (**Lloyds** in its capacity as a **Joint Lead Manager**).

**WHEREAS:**

- (A) On the Closing Date (as defined below), the Issuer proposes to issue and offer for sale £2,300,000,000 Class A Mortgage Backed Floating Rate Notes due December 2060 (the **Class A Notes**), and £500,000,000 Class Z VFN due December 2060 (which shall be subscribed for in an amount of £337,935,000 on the Closing Date) (the **Class Z VFN** and, together with the Class A Notes, the **Notes**, which expression, where the context admits, shall include the Global Notes (as defined below)).
- (B) The Class A Notes will be in bearer form. The Class Z VFN will be in dematerialised registered form. The Class A Notes will be in minimum denominations of £100,000 and integral multiples of £1,000. The Notes will be constituted by a trust deed (the **Trust Deed**) to be dated on or about the Closing Date (as defined below) and substantially in the Agreed Form and made between the Issuer and U.S. Bank Trustees Limited (in such capacity, the **Note Trustee**) as trustee for the holders of the Notes from time to time.
- (C) The Notes will be issued subject to, and have the benefit of, an agency agreement (the **Agency Agreement**) to be dated on or prior to the Closing Date and substantially in the Agreed Form between, among others, the Issuer, the Note Trustee and the agents named therein.
- (D) The Issuer's obligations to the Noteholders (and certain other secured creditors) will be secured pursuant to a deed of charge and assignment (the **Deed of Charge**) to be dated on or prior to the

Closing Date and granted by the Issuer in favour of U.S. Bank Trustees Limited (in such capacity, the **Security Trustee**), over the security interests and assets described therein.

- (E) Subject to and in accordance with the provisions of **Clause 3** and **Clause 5** herein, the Issuer will use an amount equal to the aggregate gross proceeds of the issue of the Class A Notes to pay to the Seller the Initial Consideration for the assignment and sale by the Seller of the Initial Portfolio to the Issuer in accordance with the provisions of the mortgage sale agreement (the **Mortgage Sale Agreement**) dated on or prior to the Closing Date between, *inter alios*, the Seller, the Issuer and the Note Trustee. The Issuer will use the gross proceeds of the issue of the Class Z VFN to fund (i) to the extent that the proceeds of the Class A Notes are insufficient to pay the Initial Consideration on the Closing Date, the remaining portion of the Initial Consideration, (ii) any Further Advance Purchase Price (to the extent not funded by amounts standing to the credit of the Principal Ledger), (iii) the establishment of the General Reserve Fund on the Closing Date, (iv) any increase in the General Reserve Fund up to the General Reserve Required Amount in order to satisfy the Asset Conditions for Further Advances and/or Product Switches and/or Tested Underpayment Options, (v) initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date and (vi) any premiums payable under the Interest Rate Swap Agreement.
- (F) The Issuer and the other parties described in the Prospectus (as defined below) will enter into certain other transaction documents as described in the Prospectus or as required in order to consummate the transactions described in the Prospectus.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 Definitions**

- (a) In this Agreement:

**Agreed Form** means, in respect of the relevant document, the form of the most recent draft of that document produced and circulated by Allen & Overy LLP with such changes as may be approved by persons expressed to be parties to that document after the date of this Agreement;

**Business Day** means a day (other than a Saturday or Sunday) on which banks are generally open for business in London;

**Central Bank** means the Central Bank of Ireland as the competent authority under the Prospectus Directive in Ireland;

**Closing Date** means 27 October 2017 or such later date as may be agreed between the Issuer, the Seller, the Arranger and the Joint Lead Managers;

**Common Service Provider** means Elavon Financial Services DAC;

**EU Insolvency Regulation** means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings;

**Exchange Act** means the U.S. Securities Exchange Act of 1934;

**FSMA** means the Financial Services and Markets Act 2000 as amended from time to time;

**ICSDs** means each of Euroclear and Clearstream, Luxembourg;

**Insolvency Act** means the Insolvency Act 1986 as amended from time to time;

**Investor Presentation** means the investor presentations prepared by or on behalf of the Issuer in connection with the issue of the Notes;

**Investor Presentation Material** means:

- (a) the Investor Presentation;
- (b) any Term Sheet;
- (c) marketing material provided in writing by the Seller or YBS to the Joint Lead Managers and/or the Arranger to be used directly or indirectly in connection with the issue, offering and sale of the Offered Class A Notes;
- (d) the file containing loan level data on the Portfolio as at the Cut-off Date; and
- (e) information posted on the website of YBS (being [www.ybs.co.uk](http://www.ybs.co.uk)) in connection with the issue, offering and sale of the Offered Class A Notes;

**Insurance Mediation Directive** means Directive 2002/92/EC;

**Listing Rules** means the rules for listing on the Irish Stock Exchange and the rules and regulations implementing the Prospectus Directive in Ireland or otherwise applicable;

**MiFID II Directive** means Directive 2014/65/EU;

**Offered Class A Notes** has the meaning given to it in Clause 2.1(a) of this Agreement;

**Preliminary Prospectus** means the preliminary form of the Prospectus dated 16 October 2017 issued in relation to the Notes;

**Prospectus** means the prospectus dated 26 October 2017 in relation to the issue of the Notes and approved by the Central Bank;

**Prospectus Directive** means EU Directive 2003/71/EC (as amended) (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a Member State of the European Economic Area) and, where required, includes any relevant implementing measure in Ireland;

**Risk Retention Notice** means the notice sent to prospective investors the form of which is set out in the Annex to this Agreement;

**Securities Act** means the U.S. Securities Act of 1933, as amended;

**Term Sheet** means the term sheet prepared by or on behalf of the Issuer in connection with the issue of the Notes;

**Transaction Documents** means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Swap Collateral Account Bank Agreement, the Guaranteed Investment Contract, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (and any documents entered into pursuant thereto), the Interest Rate Swap Agreement, the Issuer Power of Attorney, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, the Seller Power of Attorney, the Trust Deed and any other document entered into by

one or more Transaction Parties which is designated as a **Transaction Document** with the consent of the Security Trustee, the Issuer and the Seller;

**UNCITRAL Implementing Regulations** means The Cross-Border Insolvency Regulations 2006, SI 2006/1030, which implemented the UNCITRAL Model Law on Cross-Border Insolvency in Great Britain; and

**VFN Registrar** means the party responsible for the maintenance of the register of the Class Z VFN Notes, which as at the Closing Date will be YBS.

- (b) Capitalised terms defined in the Prospectus have, unless expressly defined in this Agreement, the same meaning in this Agreement.

## 1.2 Construction

In this Agreement (including the recitals), unless the contrary intention appears, a reference to:

- (a) this **Agreement** or any other agreement or document is a reference to such agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented;
- (b) a **clause**, a **subclause**, a **paragraph** or a **schedule** is a reference to a clause, subclause or a paragraph of, or a schedule to, this Agreement;
- (c) **Euroclear S.A./N.V.** and **Clearstream, société anonyme** includes any additional or alternative clearing system approved by the Issuer and the Note Trustee in relation to the Notes;
- (d) a **law** includes any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;
- (e) in relation to the Notes, subject to **Clause 12 (Listing)**, **listing** and **listed** is a reference to the Notes having been admitted to trading on the Irish Stock Exchange's regulated market and admitted to the Official List of the Irish Stock Exchange;
- (f) a **party** includes their successors and assigns and persons deriving title under or through them respectively;
- (g) a **person** includes any individual, firm, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
- (h) a **provision of law** is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
- (i) **set-off** includes analogous rights and obligations in other jurisdictions;
- (j) a **subsidiary** or **holding company** is to be construed in accordance with Section 1159 of the Companies Act 2006 and a **subsidiary undertaking** or **parent undertaking** is to be construed in accordance with Section 1162 of the Companies Act 2006;
- (k) a **successor** of any party includes an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has

assumed the rights and obligations of such party under this Agreement or the relevant Transaction Document or to which, under such laws, such rights and obligations have been transferred;

- (l) a time of day is a reference to London time; and
- (m) a singular number includes the plural and *vice versa*.

1.3 Time shall be of the essence in this Agreement.

1.4 The headings in this Agreement do not affect its interpretation.

1.5 A person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of this Agreement, no consent of any third party is required for any variation (including any release or compromise of any liability) or termination of this Agreement.

## 2. SUBSCRIPTION AND PURCHASE

2.1 Subject to and in accordance with the provisions of this Agreement, the Issuer undertakes to the Arranger, the Joint Lead Managers, the Initial Notes Purchaser and the VFN Purchaser to issue the Notes in accordance with this Agreement and the Trust Deed and on or prior to the Closing Date, execute the Transaction Documents to which it is expressed to be a party and:

- (a) on the Issue Date, the Joint Lead Managers undertake to the Issuer to subscribe for and purchase £300,000,000 of the Class A Notes (the **Offered Class A Notes**) at a purchase price of 100 per cent. (the **JLM Class A Purchase Price**) in accordance with the provisions of this Agreement;
- (b) on the Issue Date, the Initial Notes Purchaser undertakes to the Issuer to subscribe for and purchase £2,000,000,000 of the Class A Notes (the **Retained Class A Notes**) at a purchase price of 100 per cent. (the **Initial Notes Purchaser Class A Purchase Price**) in accordance with the provisions of this Agreement; and
- (c) on the Issue Date, the VFN Purchaser undertakes to the Issuer that, subject to and in accordance with the provisions of this Agreement, it will subscribe for £337,935,000 of the Class Z VFN and pay such subscription amount of the Class Z VFN at a purchase price of 100 per cent (the **Class Z VFN Purchase Price**).

For the avoidance of doubt, the Common Services Provider will release the Retained Class A Notes purchased by the Initial Notes Purchaser directly to such account of the Initial Notes Purchaser as it shall direct.

2.2 The Issuer confirms that:

- (a) it has authorised each of the Joint Lead Managers to offer the Offered Class A Notes on its behalf to third parties for subscription at the JLM Class A Purchase Price;
- (b) it has prepared the Preliminary Prospectus, the Investor Presentation Material and the Prospectus, and hereby authorises each of the Joint Lead Managers to distribute copies of the Prospectus in connection with the offering of the Offered Class A Notes subject to the provisions of **Clause 14** (Note Purchaser's Representations, Warranties and Undertakings) (and acknowledges that copies of each of the Preliminary Prospectus and the Investor

Presentation Material having already been distributed by the Joint Lead Managers with its consent); and

- (c) each of the Joint Lead Managers may make arrangements on the Issuer's behalf for announcements in respect of the Offered Class A Notes to be published on such dates and in such newspapers or other publications as the Joint Lead Managers may agree with the Issuer, provided that the requirements of the Prospectus Directive are met in respect of each such announcement.

2.3 Each of the Issuer, YBS and Accord acknowledges that, with respect to the transactions contemplated by this Agreement, the Prospectus and in the Transaction Documents, the Arranger and the Joint Lead Managers are acting solely in the capacity of an arm's length contractual counterparty to the Issuer and not as a financial adviser or fiduciary to the Issuer, YBS, Accord or any other person, and that the Arranger and the Joint Lead Managers are not advising the Issuer, YBS, Accord or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

2.4 Each of the Issuer, YBS and Accord acknowledges that it has had opportunity to consult, and has consulted, with its own advisers concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated by this Agreement, the Prospectus and the Transaction Documents and the Arranger and the Joint Lead Managers shall not be responsible or liable to the Issuer, YBS, Accord or to any other person with respect thereto.

### 3. CLOSING

The closing of the issue of the Notes shall take place at or about 11:00a.m. on the Closing Date, whereupon:

- (a) The net purchase price in respect of the Notes other than the Offered Class A Notes, namely the sums of:

- (i) £2,000,000,000 (representing the **Initial Notes Purchaser Class A Purchase Price**); and

- (ii) £337,935,000 (representing the Class Z VFN Purchase Price),

will be paid by (in relation to the payment under (i) above) the Initial Notes Purchaser to the Issuer and by (in relation to payment under (ii) above) the VFN Purchaser to the Issuer.

- (b) Against the delivery of the Global Notes (as referred to in Clause 3(c)(i) below) and payment of the fees, costs and expenses (as referred to in Clause 3(e) below), the net purchase price in respect of the Offered Class A Notes, namely the sum of £299,595,000 (representing the aggregate of the JLM Class A Purchase Price net of the commission referred to in **Clause 5**) will be paid by the Joint Lead Managers to the Issuer;

- (c) and the Issuer shall procure:

- (i) delivery of duly executed temporary global notes (the **Temporary Global Notes**) initially representing each of the Class A Notes and duly executed permanent global notes (the **Permanent Global Notes** and, together with the Temporary Global Notes, the **Global Notes**), each in or substantially in the form provided in the Trust Deed, to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. and for Clearstream Banking, *société anonyme*; and

- (ii) registration of the Class Z VFN on the Class Z VFN Register.
- (d) The payments to be made to the Issuer under:
  - (i) clauses 3(a)(i) and 3(a)(ii) shall be netted against the Issuer's obligation to pay the Initial Consideration to the Seller and no cash payment will be made by the Initial Notes Purchaser to the Issuer in respect of the Initial Notes Purchaser Class A Purchase Price or by the VFN Purchaser to the Issuer in respect of the Class Z VFN Purchase Price; and
  - (ii) clause 3(b) shall be made to the account notified in writing by the Issuer to the Joint Lead Managers with respect to the Offered Class A Notes.
- (e) The Seller (or YBS on its behalf) shall pay any fees, costs and expenses payable to each Joint Lead Manager pursuant to **Clauses 5** (Commissions/Fees) and **6** (Expenses).

#### **4. UNDERTAKINGS OF THE ISSUER AND THE SELLER**

4.1 The Issuer undertakes to each of the Arranger, the Joint Lead Managers, the Initial Notes Purchaser and the VFN Purchaser that:

- (a) it will comply with the selling restrictions set out in **Clause 14** (Note Purchaser's Representations, Warranties and Undertakings) as if it were a Note Purchaser;
- (b) it will use all reasonable endeavours to procure satisfaction, on or before the Closing Date, of the conditions referred to in **Clause 13** (Conditions) and, in particular, on or before the Closing Date, it will enter into each of the Transaction Documents to which it is expressed to be a party (each in the Agreed Form);
- (c) it will perform all of its obligations under this Agreement and each of the Transaction Documents to which it is a party, in each case, at such time and in such manner as required by this Agreement and the relevant Transaction Document;
- (d) it will bear and pay (i) any stamp or other duties or taxes including interest and penalties on or in connection with the issue and delivery of the Notes on the Closing Date and the execution and delivery of this Agreement and the Transaction Documents and (ii) any value added tax properly payable in connection with the commission (in addition to the commission amount) or other amounts payable or allowed under this Agreement and otherwise in connection with the transactions envisaged by this Agreement;
- (e) between the date of this Agreement and the Closing Date (both dates inclusive), without the prior approval of the Arranger and the Joint Lead Managers, it will not make any press or other public announcement referring to the proposed issue or the terms of the issue of the Notes and/or any other announcement which could have a material adverse effect on the marketability of the Notes;
- (f) within the applicable time limit, it will file or procure the filing with the registrar of companies in England and Wales of a duly completed form MR01 in respect of the Deed of Charge together with any necessary fees and a certified copy of the Deed of Charge for registration in accordance with Section 859A of the Companies Act 2006 and shall forthwith upon receipt, deliver a copy of the certificate of registration to the Arranger and the Joint Lead Managers;

- (g) it will deliver to the Note Purchasers, without charge, from time to time as requested, such number of copies of the Prospectus as the Arranger and the Note Purchasers may reasonably request;
- (h) prior to the Closing Date, it will not amend the terms of any of the already executed Transaction Documents or this Agreement except with the prior consent of the Arranger and the Note Purchasers;
- (i) it will procure that each notice required to be given pursuant to the Deed of Charge is given within the relevant period specified therein;
- (j) so long as any of the Notes remain outstanding, it will furnish to the Arranger and the Note Purchasers if any of them request in writing, as soon as practicable after it becomes available, copies of each document filed by the Issuer with the Central Bank of Ireland and/or the Irish Stock Exchange, and copies of the financial statements and other periodic reports that the Issuer may furnish generally to holders of the Notes;
- (k) it will conduct its business and affairs such that, at all times, its "centre of main interests" for the purposes of the EU Insolvency Regulation and UNCITRAL Implementing Regulations will be and remain in England and Wales and it will not have an "establishment" (as defined in the EU Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England and Wales;
- (l) it will use the net proceeds received by it from the issue of the Notes in the manner specified in the Prospectus;
- (m) it will use its best endeavours to maintain all consents, approvals, authorisations, registrations, qualifications and other orders of United Kingdom regulatory authorities required for the creation, issue and offering of the Notes or in connection with the execution and performance of the transactions contemplated by this Agreement and the Transaction Documents;
- (n) it will forthwith notify the Arranger and the Note Purchasers if at any time prior to payment of the subscription moneys to the Issuer on the Closing Date anything occurs which renders or may render untrue or incorrect in any respect any of the representations, warranties and indemnities made pursuant to **Clauses 7** (Representations and Warranties of the Issuer) and **10** (Indemnification by the Issuer, Accord and YBS) and will forthwith take such steps as the Arranger and the Note Purchasers may reasonably require to remedy and/or publicise the fact;
- (o) so long as any of the Notes are outstanding, the Issuer will furnish to each of the Arranger and the Note Purchasers, as soon as practicable after it becomes available, any information (including reports or copies of financial statements) which (i) according to the terms of the Prospectus, is to be made available to holders of any of the Notes or (ii) is filed by the Issuer with the Irish Stock Exchange;
- (p) if at any time during the relevant period for the purpose of the Prospectus Directive either the Issuer becomes aware of a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus, it will promptly inform the Arranger and the Note Purchasers, and the Issuer will prepare and submit to the Competent Authority for its approval a supplementary prospectus containing details of the new factor, mistake or inaccuracy so as to comply with the requirements of the Prospectus Directive and without prejudice to such obligations, if at any time prior to the issue of the Notes the Issuer becomes aware of the occurrence of any other event as a result of which the Prospectus, as

then amended or supplemented, would include a statement of fact which is not true and accurate in all material respects or omit any fact the omission of which would make misleading in any material respect any statement therein, or if for any other reason it shall be necessary to amend or supplement the Prospectus, it will promptly inform the Arranger and the Note Purchasers, and the Issuer will, at its cost, at the request of the Arranger and the Note Purchasers amend or supplement the Prospectus, without charge to the Arranger and the Note Purchasers. The Issuer will deliver to the Arranger and the Note Purchasers, without charge, such number of copies of such supplementary prospectus or amendment to the Prospectus as the Arranger and the Note Purchasers may reasonably request;

- (q) neither the Issuer nor any of its "affiliates" (as defined in Rule 405 under the Securities Act), nor any person acting on its or their behalf (other than the Arranger or the Joint Lead Managers, as to whom no representation, warranty or agreement is made) will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Notes;
- (r) it will take no action which it knows or has reason to believe will result in the Class A Notes not being assigned a rating of AAAsf by Fitch Ratings Limited (**Fitch**) and a rating of Aaa(sf) by Moody's Investor Services Limited (**Moody's** and together with Fitch, the **Rating Agencies** and each, a **Rating Agency**); and
- (s) it will not take any steps to move its registered office at any point in time.

4.2 The Seller undertakes to each of the Joint Lead Managers and the Initial Notes Purchaser that:

- (a) it will comply with the selling restrictions set out in **Clause 14** (Note Purchaser's Representations, Warranties and Undertakings) as if it were a Note Purchaser;
- (b) it will use all reasonable endeavours to procure satisfaction on or before the Closing Date of the conditions referred to in **Clause 13** (Conditions) and, in particular, on or before the Closing Date, enter into each of the Transaction Documents to which it is expressed to be a party (each in the Agreed Form);
- (c) it will perform all of its obligations under this Agreement and each of the Transaction Documents to which it is a party, in each case, at such time and in such manner as required by this Agreement and the relevant Transaction Document;
- (d) between the date of this Agreement and the Closing Date (both dates inclusive), without the prior approval of the Arranger and the Joint Lead Managers, it will not make any press or other public announcement referring to the proposed issue or the terms of the issue of the Notes and/or any other announcement which could have a material adverse effect on the marketability of the Notes;
- (e) prior to the Closing Date, it will not amend the terms of any of the already executed Transaction Documents or this Agreement except with the prior consent of the Arranger, the Joint Lead Managers and the Initial Notes Purchaser;
- (f) it will forthwith notify the Arranger, the Joint Lead Managers and the Initial Notes Purchaser if at any time prior to payment of the subscription moneys to the Issuer on the Closing Date anything occurs which renders or may render untrue or incorrect in any respect any of the representations, warranties and indemnities made pursuant to **Clauses 8** (Representations and Warranties of the Seller) and **10** (Indemnification by the Issuer, Accord and YBS) and will forthwith take such steps as the Arranger, the Joint Lead Managers or the Initial Notes Purchaser may reasonably require to remedy and/or publicise the fact;

- (g) if at any time during the relevant period for the purpose of the Prospectus Directive the Seller becomes aware of a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus, it will promptly inform the Joint Lead Managers and the Initial Notes Purchaser, and shall procure that the Issuer will prepare and submit to the Competent Authority for its approval a supplementary prospectus containing details of the new factor, mistake or inaccuracy so as to comply with the requirements of the Prospectus Directive and without prejudice to such obligations, if at any time prior to the issue of the Notes the Seller becomes aware of the occurrence of any other event as a result of which the Prospectus, as then amended or supplemented, would include a statement of fact which is not true and accurate in all material respects or omit any fact the omission of which would make misleading in any material respect any statement therein, or if for any other reason it shall be necessary to amend or supplement the Prospectus, it will promptly inform the Joint Lead Managers and the Initial Notes Purchaser, and will procure that the Issuer will at the request of the Joint Lead Managers and the Initial Notes Purchaser amend or supplement the Prospectus, without charge to the Joint Lead Managers and the Initial Notes Purchaser;
- (h) neither the Seller nor any of its "affiliates" (as defined in Rule 405 under the Securities Act), nor any person acting on its behalf (other than the Arranger or Joint Lead Managers, as to whom no representation, warranty or agreement is made) will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Notes and each of them will comply with the offering restriction requirements of Regulation S;
- (i) it will take no action which it knows or has reason to believe will result in the Class A Notes not being assigned a rating of AAAsf by Fitch and a rating of Aaa(sf) by Moody's;
- (j) it is the originator of the securitisation for the purposes of EU Regulation 575/2013 (the **Capital Requirements Regulation**), EU Regulation 231/2013 (the **AIFM Regulation**) and EU Regulation 35/2015 (the **Solvency II Regulation**) (together the **Retention Requirements**) and that following the issuance of the Notes on the Closing Date, as at the Closing Date it will hold, and thereafter it shall retain, a material net economic interest of not less than 5 per cent. of the nominal value of the securitisation in accordance with the text, as at the Closing Date, of each of paragraph 1(d) of Article 405(1) of the Capital Requirements Regulation, paragraph 1(d) of Article 51(1) of the AIFM Regulation and paragraph 1(d) of Article 254 of the Solvency II Regulation (which, in each case, does not take into account any relevant national measures) until the maturity of the Notes and shall not sell, hedge or otherwise mitigate its credit risk under or associated with such retention except to the extent permitted by the Retention Requirements and shall comply with the disclosure obligations imposed on sponsor and originator credit institutions under the Retention Requirements, subject always to any requirement of law, provided that the Seller will not be in breach of such undertaking if the Seller fails to so comply due to events, actions or circumstances beyond the Seller's control; and
- (k) it will conduct its business and affairs such that, at all times, its "centre of main interests" for the purposes of the EU Insolvency Regulation and UNCITRAL Implementing Regulations will be and remain in England and Wales and it will not have an "establishment" (as defined in the EU Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England and Wales.

4.3 The Issuer confirms that:

- (a) it has made an application for the Class A Notes to be rated Aaa(sf) by Moody's and AAAsf by Fitch;

- (b) the Class Z VFN will not be rated or listed; and
- (c) in connection with each such application, each of the Issuer and the Seller undertakes with the Joint Lead Managers and the Initial Notes Purchaser that it will furnish from time to time any and all documents, instruments, information and undertakings that may be necessary in accordance with the normal requirements of the Rating Agencies in order to effect and maintain such ratings. Each of the Issuer and the Seller further undertakes with the Joint Lead Managers and the Initial Notes Purchaser that it will not take, cause or permit any action that would, to its knowledge, result in the Notes of any class being assigned a lower rating at the Closing Date than the rating ascribed to that class of Notes as set out above, or which would, on or after the Closing Date, result in any such ratings being downgraded so long as any of the Notes remain outstanding.

## **5. COMMISSIONS/FEEES**

- 5.1 In consideration of the agreement by the Joint Lead Managers to act as the joint lead managers in relation to the issue of the Notes and to subscribe and pay for or procure subscriptions and payment for the Offered Class A Notes as provided above, the Issuer shall pay £135,000 to each of Barclays, BNP Paribas and Lloyds (each in their capacity as a Joint Lead Manager) on the Closing Date (such amount to be deducted from the JLM Class A Purchase Price to be paid by the Joint Lead Managers to the Common Services Provider on the Closing Date).
- 5.2 On the Closing Date YBS will pay (or procure the payment by an affiliate of YBS) of a structuring fee to the Arranger in an amount set out in a fee letter between YBS and the Arranger, dated on or about the date hereof.

## **6. EXPENSES**

- 6.1 The Seller (or YBS on its behalf) shall bear and pay all costs and expenses incurred in connection with the issue and distribution of the Notes including, without limitation, the costs of (i) printing, checking and initial delivery and distribution of the Notes, (ii) preparation, printing, signing and distribution of the Investor Presentation Material, the Preliminary Prospectus, the Prospectus and any supplement or amendment thereto, this Agreement, the Transaction Documents and all other documents relating to the issue of the Notes, (iii) advertising (as approved by the Issuer, the Seller and the Joint Lead Managers (including, without limitation, any road show expenses)); (iv) the listing of the Class A Notes and (v) obtaining and maintaining a rating for each class of the Class A Notes from each of the Rating Agencies (including, without limitation, annual fees and the fees and expenses of any legal advisors to the Rating Agencies).
- 6.2 In addition, the Seller (or YBS on its behalf) shall bear and pay the costs and expenses (including out-of-pocket expenses) of the Arranger and the Joint Lead Managers in relation to the negotiation, preparation and signing of this Agreement and the Transaction Documents (including, without limitation, the fees and expenses of any legal and accounting advisors) and the issuing of the Notes and the fees of the Principal Paying Agent, the Note Trustee, the Agent Bank and other parties appointed under the Transaction Documents. The Seller agrees to bear and pay its own costs and expenses in relation to the negotiation, preparation and signing of this Agreement and the Transaction Documents. The Seller (or YBS on its behalf) undertakes that on or about the Closing Date it will pay to the Joint Lead Managers an amount equal to the costs and expenses referred to in this **Clause 6**. Such payment shall be made by the Seller (or YBS on its behalf) outside of the closing flow of funds in immediately available funds to the account notified in writing by the Joint Lead Managers to the Seller (or YBS on its behalf) on or about the Closing Date.
- 6.3 All payments by the Issuer or the Seller (or YBS on its behalf) under this Agreement (including, without limitation, any payments pursuant to Clause 5) shall be paid without set-off or counterclaim,

and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges in the nature of tax, imposed by the government of the United Kingdom or by any department, agency or other political subdivision or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto (**Taxes**). If any Taxes are required by law to be deducted or withheld in connection with any such payment, the Issuer, the Seller (or YBS on its behalf) will increase the amount paid so that the full amount of such payment is received by the payee as if no such deduction or withholding had been made. In addition, the Seller (or YBS on its behalf) agrees to indemnify and hold the Arranger and the Joint Lead Managers harmless against any Taxes which the Arranger and the Joint Lead Managers are required to pay in respect of any amount paid by the Seller (or YBS on its behalf) to the Arranger and the Joint Lead Managers under this Agreement.

## **7. REPRESENTATIONS AND WARRANTIES OF THE ISSUER**

As a condition of the obligation of the Note Purchasers to subscribe and pay for the relevant Notes, the Issuer represents and warrants to the Arranger and the Note Purchasers and each of them, as at the date of this Agreement and will repeat such representations and warranties as of the Closing Date, as follows:

- (a) that the financial and other information with respect to the Issuer set out in the Preliminary Prospectus and the Prospectus was prepared in accordance with the requirements of the Prospectus Directive and that the financial information gives a true and fair view of the financial position of the Issuer as at the dates at which it was prepared, and since such dates there has been no material adverse change nor any development or event involving a prospective material adverse change in the condition (financial or otherwise), prospects, results of operations or general affairs of the Issuer from that disclosed in the Preliminary Prospectus and the Prospectus;
- (b) that the Investor Presentation Material is true and accurate in all material respects, not misleading in any material respect, any opinions, predictions or intentions expressed in the Investor Presentation Material are honestly held or made and are not misleading in any material respect, there are no other facts the omission of which would in the context of the issue of the Notes make any statement in the Investor Presentation Material misleading in any material respect, and all proper enquiries have been made to ascertain or verify the foregoing;
- (c) that, by reference to the information and statements contained in the Prospectus (as at the date hereof) and the Preliminary Prospectus (as at the date of its publication, except insofar as the information contained therein has been amended, supplemented or deleted in the Prospectus):
  - (i) each of the Preliminary Prospectus and the Prospectus contains all material information with respect to the Issuer, the Portfolio and the Notes (including all information which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes);
  - (ii) each of the Preliminary Prospectus and the Prospectus does not and, if amended or supplemented, at the date of any such amendment or supplement will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

- (iii) the statements of fact contained in the Prospectus are (and in the Preliminary Prospectus such statements were, and in any supplement to the Prospectus such statements will be), in every material particular respect true and accurate and not misleading and that there are no other facts the omission of which would in the context of the issue of the Notes make any statement in the Prospectus misleading in any material respect;
  - (iv) the statements of intention, opinion, belief or expectation contained in the Prospectus are (and in the Preliminary Prospectus such statements were, and in any supplement to the Prospectus such statements will be), honestly and reasonably made or held; and
  - (v) in respect of the facts and statements referred to in this **Clause 7(c)**, all reasonable enquiries have been and will be made to ascertain all such facts and to verify the accuracy of all such statements;
- (d) that the Prospectus complies with the Listing Rules and that the Prospectus contains all information required by the law of the jurisdiction of the Issuer's incorporation and otherwise complies with such law to the extent applicable;
  - (e) that the Issuer has been duly incorporated and is validly existing as a public limited company under the law of its jurisdiction of incorporation, is duly qualified to do business in England and Wales and with full right, power and authority to conduct its business as described in the Preliminary Prospectus and the Prospectus and is able lawfully to execute and perform its obligations under the Notes, this Agreement and the Transaction Documents to which it is expressed to be a party and it has not taken any corporate action nor, so far as it is aware, have any steps been taken or are pending nor, so far as it is aware, have any legal proceedings been started for (i) the winding-up (voluntary or otherwise), liquidation, dissolution, administration or reorganisation of the Issuer, (ii) the enforcement of any encumbrance over all or a material part of the Issuer's assets or undertaking, (iii) any composition, arrangement or compromise (whether by way of voluntary arrangement or otherwise) with the Issuer's creditors generally, or (iv) for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer of the Issuer or of any or all of its assets or undertaking;
  - (f) that this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes, and the issue of the Notes and Transaction Documents to which it is expressed to be a party have been duly authorised by it and when executed, issued and delivered will constitute, legal, valid and binding obligations of the Issuer enforceable against it in accordance with their terms;
  - (g) that the execution and delivery and the performance of the terms of this Agreement and the Transaction Documents (including the issue and distribution of the Notes) by the Issuer are on arm's length terms and do not and will not infringe any law or regulation of its jurisdiction of incorporation or, so far as the Issuer is aware, any other law or regulation and are not contrary to the provisions of the Issuer's Memorandum and Articles of Association and other constitutional documents of the Issuer and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which the Issuer is a party or by which it or its property is bound;
  - (h) that, upon issue, the Notes will constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and that the aggregate principal amount of the Notes is stated to be at least £50 million;

- (i) that the Notes and obligations of the Issuer under the Trust Deed and the Transaction Documents to which it is expressed to be a party will be secured in the manner provided for in the Deed of Charge and with the benefit of the charges, covenants and other security provided for therein and granted pursuant thereto (subject to any reservations or qualifications on the nature or priority or effectiveness of such security referred to in any of the legal opinions referred to in **Clause 13** (Conditions));
- (j) that, other than as set out in the Deed of Charge, the Issuer will acquire beneficial ownership of the Loans in the Portfolio on the Closing Date, and there exists no mortgage, lien, pledge or other charge or security which would rank in priority to, or *pari passu* with, the security for the Notes;
- (k) that, other than as set out in the Transaction Documents, there exists no mortgage, standard security, assignment, lien, pledge or other charge or security on or over any assets, undertaking, property or revenues of the Issuer;
- (l) that the creation by the Issuer of any security over its undertaking and assets in accordance with the terms of the Deed of Charge will not render the Issuer liable to offer or extend the benefit of such security to any persons other than the Security Trustee (as security trustee on behalf of the Secured Creditors);
- (m) that the floating charge granted by the Issuer under the Deed of Charge either by itself, or when taken together with other charges, relates as of the date of its creation (and will relate at all relevant times thereafter), to the whole or substantially the whole of the Issuer's property and that any receiver appointed under the Deed of Charge would be a receiver of the whole (or substantially the whole) of the Issuer's property;
- (n) that the representations and warranties contained in this Agreement and the Transaction Documents are true and accurate in all material respects as at the date hereof and (save to the extent that any such representations or warranties are amended, deleted or supplemented after the date hereof) as of the Closing Date;
- (o) that the Issuer is not involved in any governmental, legal, arbitration, insolvency or administration proceedings nor, so far as the Issuer is aware after making all due enquiries, are any such proceedings pending or threatened against it or any of its assets or properties (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator);
- (p) that the Issuer has not engaged in any activities since its incorporation other than:
  - (i) matters related to its registration and incorporation under the Companies Act 2006;
  - (ii) making various changes to its share capital, directors, secretary, constitutional documents and other appropriate corporate steps;
  - (iii) the authorisation and execution of this Agreement and the Transaction Documents;
  - (iv) the issue of the Preliminary Prospectus and the Prospectus;
  - (v) the activities referred to or contemplated in this Agreement, the Transaction Documents and the Prospectus;
  - (vi) the authorisation and issue by it of the Notes, and

- (vii) matters ancillary to any of the foregoing;
- (q) that all consents, licences, approvals or authorisations of, or registrations or filings with, any governmental or other authority or agency required by law to be obtained by the Issuer in relation to the execution and delivery of this Agreement and the Transaction Documents, the issue and distribution of the Notes, the performance of the terms of this Agreement and the Transaction Documents and the creation of the security pursuant to the Deed of Charge have been (or will be by the Closing Date) unconditionally obtained and are (or will be by the Closing Date) in full force and effect;
- (r) that, except for due registration of the Deed of Charge under Section 859A of the Companies Act 2006 (as amended), it is not necessary that any of the Transaction Documents or this Agreement be filed, recorded or enrolled with any authority or that any stamp duty, stamp duty reserve tax, stamp duty land tax, registration, documentary or similar tax be paid on or in respect thereof;
- (s) that the Issuer is resident for United Kingdom tax purposes in the United Kingdom, and it does not have a branch, business establishment or other fixed establishment other than in the United Kingdom;
- (t) that, subject as described in the Prospectus under the heading "United Kingdom Taxation",
  - (i) payments of principal and interest on the Notes will be made by the Issuer without withholding or deduction for or on account of, any taxes, duties, assessments or other charges of whatever nature imposed, levied, collected, withheld or assessed by the government of the United Kingdom or any political subdivision or authority thereof or therein having the power to tax and
  - (ii) no stamp or other duty or similar tax is assessable or payable in the United Kingdom, in each case in connection with the authorisation, execution, issue or delivery of the Notes or the performance of the obligations of the Issuer under this Agreement or the Transaction Documents;
- (u) that the authorised share capital of the Issuer comprises 50,000 ordinary shares of £1 each. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, of which 49,999 shares of £1 each are partly-paid up in cash as to 25p each and 1 fully paid share of £1 is held by Holdings as a nominee, all of which are beneficially owned by Holdings;
- (v) that the Issuer has no subsidiaries or subsidiary undertakings or employees;
- (w) that the Issuer is not unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act nor will it become unable to do so in consequence of the issue of the Notes and the entry by the Issuer into this Agreement or the Transaction Documents to which it is a party;
- (x) that the Issuer's "centre of main interests" for the purposes of the EU Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and Wales and that it has no "establishment" (as defined in the EU Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England and Wales;
- (y) that no event has occurred which would (whether or not with the giving of notice and/or the lapse of time and/or the fulfilment of any other condition), had the Notes already been issued, constitute an event of default under the Notes;
- (z) that neither the Issuer, its affiliates (as defined in Rule 405 under the Securities Act) nor any persons (other than the Arranger and the Joint Lead Managers, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any

directed selling efforts (as defined in Regulation S under the Securities Act) in respect of the Notes;

- (aa) that the Issuer is a "foreign issuer" and reasonably believes that there is no substantial U.S. market interest (as those terms are defined in Regulation S under the Securities Act) in the debt securities of the Issuer and that the Issuer, its affiliates and any person (other than the Arranger and the Joint Lead Managers, as to whom no representation or warranty is made) acting on its or their behalf have complied with and will comply with the offering restrictions requirement of Regulation S under the Securities Act;
- (bb) that the Prospectus has been published as required by the Prospectus Directive;
- (cc) all returns, reports or filings which ought to have been made by or in respect of the Issuer for taxation purposes have been made and to the best of the Issuer's knowledge all such returns are up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities and the Issuer is not aware of any present circumstances likely to give rise to any such material dispute. The Issuer reasonably believes that the provisions for income tax included in its financial statements have been calculated on a proper basis in respect of all accounting periods ended on or before the accounting reference date to which the financial statements relate for which the Issuer was then or might at any time thereafter become or have become liable. To date, the Issuer is not aware of any tax deficiency which has arisen or has been asserted against the Issuer that would be considered material in the context of the issue of the Notes;
- (dd) that the Issuer is not a party to any agreements other than those it is expressed to be a party to in the Prospectus (and any ancillary documents related thereto);
- (ee) that the Issuer is not now, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly referred to as the **Volcker Rule**). In giving this representation, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940 as amended (the **1940 Act**) may be available, the Issuer has relied on the determination that it would satisfy all of the elements of the exemption from the definition of "investment company" under the 1940 Act provided by Section 3(c)(5)(C) and under the Volcker Rule and its related regulations; and
- (ff) that its registered office is in England and Wales and that such office has not moved.

## **8. REPRESENTATIONS AND WARRANTIES OF THE SELLER**

As a condition of the obligation of the Joint Lead Managers and the Initial Notes Purchaser to subscribe and pay for the Class A Notes, the Seller represents and warrants to the Joint Lead Managers, the Initial Notes Purchaser and each of them, as at the date of this Agreement and will repeat such representations and warranties as of the Closing Date, as follows:

- (a) that the Investor Presentation Material is true and accurate in all material respects, not misleading in any material respect, any opinions, predictions or intentions expressed in the Investor Presentation Material are honestly held or made and are not misleading in any material respect, there are no other facts the omission of which would in the context of the issue of the Notes make any statement in the Investor Presentation Materials misleading in any material respect, and all proper enquiries have been made to ascertain or verify the foregoing;

- (b) that, by reference to the information and statements contained in the Prospectus (as at the date hereof) and the Preliminary Prospectus (as at the date of its publication, except insofar as the information contained therein has been amended, supplemented or deleted in the Prospectus):
- (i) the Preliminary Prospectus and the Prospectus contains all information with respect to the Portfolio, the Seller and the Notes which is material in the context of the issue and offering of the Notes including, without limitation, all information required by English law and the information which, according to the particular nature of it and of the Notes, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of it and of the rights attaching to the Notes;
  - (ii) the statements contained in the Preliminary Prospectus and the Prospectus are in every material respect true and accurate and not misleading;
  - (iii) the opinions and intentions expressed in the Preliminary Prospectus and the Prospectus with regard to the Seller are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions;
  - (iv) there are no other facts the omission of which would make any statement in the Preliminary Prospectus and the Prospectus misleading or deceptive in any material respect; and
  - (v) all reasonable enquiries have been made by it to ascertain such facts and to verify the accuracy of all such information and statements in the Preliminary Prospectus and the Prospectus;
- (c) that the Prospectus complies with the Listing Rules and that the Prospectus contains all information required by the law of the jurisdiction of the Issuer's incorporation and otherwise complies with such law to the extent applicable;
- (d) that the Seller has been duly incorporated and is validly existing as a private company under the law of its jurisdiction of incorporation, is duly qualified to do business in England and Wales and with full rights, power and authority to conduct its business as described in the Preliminary Prospectus and the Prospectus and the Seller is able lawfully to execute and perform its obligations under this Agreement and the Transaction Documents to which it is expressed to be a party;
- (e) that this Agreement has been duly authorised, executed and delivered by the Seller and constitutes, and Transaction Documents to which it is expressed to be a party have been duly authorised by it and when executed and delivered will constitute, legal, valid and binding obligations of the Seller enforceable against it in accordance with their terms;
- (f) that the representations and warranties contained in this Agreement and the Transaction Documents are true and accurate in all material respects as at the date hereof and (save to the extent that any such representations or warranties are amended, deleted or supplemented after the date hereof) as of the Closing Date as if the same were set out herein in favour of the Joint Lead Managers and Initial Notes Purchaser *mutatis mutandis*;
- (g) that neither the Seller, its affiliates (as defined in Rule 405 under the Securities Act) nor any persons (other than the Joint Lead Managers, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) in respect of the Notes;

- (h) that neither the Seller, its affiliates nor any persons (other than the Joint Lead Managers, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with any offer or sale of the Notes in the United States;
- (i) that the Seller is not involved in any governmental, legal, arbitration, insolvency or administration proceedings nor, so far as the Seller is aware after making all due enquiries, are any such proceedings pending or threatened against it or any of its assets or properties (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator);
- (j) that there are no pending actions, suits or proceedings against or affecting the Seller or any of its assets or revenues which, if determined adversely to the Seller, would individually or in the aggregate have a material adverse effect on the condition (financial or other), prospects, results or operations or general affairs of the Seller, or would adversely affect to a material extent the ability of the Seller to perform its obligations under this Agreement and the Transaction Documents to which it is expressed to be a party or which are otherwise material in the context of the issue of the Notes and, to the best of the Seller's knowledge and belief, no such actions, suits or proceedings are threatened or contemplated;
- (k) that all consents, licences, approvals or authorisations of, or registrations or filings with, any governmental or other authority or agency required by law to be obtained by the Seller in relation to the execution and delivery of this Agreement and the Transaction Documents and the creation of the security pursuant to the Deed of Charge have been (or will be by the Closing Date) unconditionally obtained and are (or will be by the Closing Date) in full force and effect;
- (l) that, on the Closing Date immediately prior to the execution of the Mortgage Sale Agreement, it will be vested with beneficial title to each Loan and that no other interest equivalent to the Related Security has been issued in respect of such Loans other than those to be transferred to the Issuer pursuant to the Mortgage Sale Agreement and such agreement is effective to transfer to the Issuer all right, title, benefit, estate and interest of the Seller in the Loans and the Related Security such that no creditor of the Seller will in any circumstance have any claim or rights thereto;
- (m) that the execution and delivery and the performance of the terms of this Agreement and the Transaction Documents (including the issue and distribution of the Notes) by the Seller do not and will not infringe any law or regulation of its jurisdiction of incorporation or, so far as the Seller is aware, any other law or regulation and are not contrary to the provisions of the constitutional documents of the Issuer and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which the Seller is a party or by which it or its property is bound;
- (n) that the Seller is an investment professional within the meaning of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001;
- (o) that no Seller Insolvency Event has occurred or will occur in consequence of the Seller entering into this Agreement or the Transaction Documents to which it is expressed to be a party; and
- (p) that the Seller is and will remain solely resident for tax purposes in the United Kingdom and will not be treated as a resident outside the United Kingdom by virtue of the application of section 18 of the Corporation Tax Act 2009.

## 9. REPRESENTATIONS AND WARRANTIES OF YBS

As a condition of the obligation of the Joint Lead Managers to subscribe for the Class A Notes and for the VFN Purchaser to subscribe for the Class Z VFN Notes, YBS represents and warrants to the Joint Lead Managers and the VFN Purchaser, as at the date of this Agreement and will repeat such representations and warranties as of the Closing Date, as follows:

- (a) that the Investor Presentation Material is true and accurate in all material respects, not misleading in any material respect, any opinions, predictions or intentions expressed in the Investor Presentation Material are honestly held or made and are not misleading in any material respect, there are no other facts the omission of which would in the context of the issue of the Notes make any statement in the Investor Presentation Materials misleading in any material respect, and all proper enquiries have been made to ascertain or verify the foregoing;
- (b) that YBS has been duly incorporated and is validly existing as a building society under the law of its jurisdiction of incorporation, is duly qualified to do business in England and Wales and with full rights, power and authority to conduct its business as described in the Preliminary Prospectus and the Prospectus and YBS is able lawfully to execute and perform its obligations under this Agreement and the Transaction Documents to which it is expressed to be a party;
- (c) that, by reference to the information and statements contained in the Prospectus (as at the date hereof) and the Preliminary Prospectus (as at the date of its publication, except insofar as the information contained therein has been amended, supplemented or deleted in the Prospectus), the statements in respect of YBS contained in the Prospectus are in every material respect true and accurate and not misleading;
- (d) that this Agreement has been duly authorised, executed and delivered by YBS and constitutes, and Transaction Documents to which it is expressed to be a party have been duly authorised by it and when executed and delivered will constitute, legal, valid and binding obligations of YBS enforceable against it in accordance with their terms;
- (e) that neither YBS, its affiliates (as defined in Rule 405 under the Securities Act) nor any persons (other than the Arranger and the Joint Lead Managers, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) in respect of the Notes;
- (f) that the execution and delivery and the performance of the terms of this Agreement and the Transaction Documents by YBS do not and will not infringe any law or regulation of its jurisdiction of incorporation or, so far as YBS is aware, any other law or regulation and are not contrary to the provisions of the constitutional documents of YBS and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which YBS is a party or by which it or its property is bound;
- (g) that neither YBS, its affiliates nor any persons (other than the Arranger and the Joint Lead Managers, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with any offer or sale of the Notes in the United States;
- (h) that YBS is not involved in any governmental, legal, arbitration, insolvency or administration proceedings nor, so far as YBS is aware after making all due enquiries, are

any such proceedings pending or threatened against it or any of its assets or properties (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator);

- (i) that there are no pending actions, suits or proceedings against or affecting YBS or any of its assets or revenues which, if determined adversely to YBS, would individually or in the aggregate have a material adverse effect on the condition (financial or other), prospects, results or operations or general affairs of YBS, or would adversely affect to a material extent the ability of YBS to perform its obligations under this Agreement and the Transaction Documents to which it is expressed to be a party or which are otherwise material in the context of the issue of the Notes and, to the best of YBS' knowledge and belief, no such actions, suits or proceedings are threatened or contemplated;
- (j) that all consents, licences, approvals or authorisations of, or registrations or filings with, any governmental or other authority or agency required by law to be obtained by YBS in relation to the execution and delivery of this Agreement and the Transaction Documents and the creation of the security pursuant to the Deed of Charge have been (or will be by the Closing Date) unconditionally obtained and are (or will be by the Closing Date) in full force and effect; and
- (k) that any representations and warranties given by YBS in this Agreement and the Transaction Documents to which YBS is a party are true and accurate in all material respects as at the date hereof and (save to the extent that any such representations or warranties are amended, deleted or supplemented after the date hereof) as of the Closing Date as if the same were set out herein in favour of the Arranger and the Joint Lead Managers and the VFN Purchaser *mutatis mutandis*.

## 10. INDEMNIFICATION BY THE ISSUER, ACCORD AND YBS

10.1 Without prejudice to the other rights or remedies of the Arranger and the Joint Lead Managers, each of the Issuer, Accord and YBS jointly and severally indemnifies the Arranger and the Joint Lead Managers, and each of the Issuer and the Seller jointly and severally indemnifies the Initial Notes Purchaser, or any of their affiliates, directors, officers, employees, agents or controlling persons (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) (together with the Arranger and the Joint Lead Managers or, as the case may be, the Initial Notes Purchaser, each a **Relevant Party**) against any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses<sup>1</sup>) (a **Loss**) arising out of, in connection with, or based on:

- (a) any actual or alleged breach of the representations, warranties and undertakings contained in, or made or deemed to be made by the Issuer, Accord and/or YBS under this Agreement; or
- (b) any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from the Preliminary Prospectus (save to the extent that the information therein has been amended, supplemented or deleted in the Prospectus) and the Prospectus including, but not limited to, the information provided in writing by the Initial Notes Purchaser and included under the heading "Yorkshire Building Society" and "Transaction Overview – Portfolio and Servicing", the information provided in writing by Accord and included under the heading "Accord Mortgages Limited", "The Loans", "Characteristics of the Cut-Off Date Portfolio", "Risk Retention Requirements" and "Characteristics of the United Kingdom Residential Mortgage Market" (in each case in the Prospectus) and any amendment or supplement thereto; or

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<sup>1</sup> A&O: Taxes are already indemnified under Cl. 4.1(d) and 6.3.

- (c) any fraud or illegal dealing by the Issuer, Accord and/or YBS.

Neither the Arranger nor the Initial Notes Purchaser shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this **Clause 10**.

- 10.2 In case any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer, Accord and/or YBS, as the case may be, under this **Clause 10**, the relevant Joint Lead Manager and/or Initial Notes Purchaser, as the case may be, shall as soon as reasonably practicable notify the Issuer, Accord and/or YBS, as the case may be, in writing, but failure to do so will not relieve the Issuer, Accord or YBS from any liability under this Agreement. Subject to **Clause 10.3**, the Issuer or, as the case may be, Accord or YBS may participate at its own expense in the defence of any action and shall be entitled to appoint legal advisors reasonably satisfactory to the Joint Lead Managers, or, as the case may be, the Initial Notes Purchaser subject to the payment by the Issuer or, as the case may be, Accord or YBS of all legal and other expenses of such defence.
- 10.3 If it so elects within a reasonable time after receipt of the notice referred to in **Clause 10.2**, the Issuer or, as the case may be, Accord or YBS may, subject as provided below, assume the defence of the action with legal advisors chosen by it and approved by the Relevant Party. Provided that and notwithstanding any such election a Relevant Party may employ separate legal advisers but the fees and expenses of such separate legal advisors shall be the liability of such Relevant Party unless any of the following circumstances occur in which case they shall be the liability of the Issuer, Accord and YBS:
- (a) the use of the legal advisors chosen by the Issuer, the Seller, or YBS to represent the Relevant Party would present such legal advisors with an actual or potential conflict of interest;
  - (b) the actual or potential defendants in, or targets of, any such action include both the Relevant Party and the Issuer, Accord or YBS and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant Parties which are different from or additional to those available to the Issuer, Accord or YBS; or
  - (c) the Issuer, Accord or YBS has not employed legal advisors satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the institution of such action.
- 10.4 If the Issuer or, as the case may be, Accord or YBS assumes the defence of the action, the Issuer or, as the case may be, Accord or YBS shall not be liable for any fees and expenses of legal advisors of the Relevant Party incurred thereafter in connection with the action, except as stated above.
- 10.5 The Issuer, Accord or YBS shall not be liable in respect of any settlement of any action effected without its consent, such consent not to be unreasonably withheld or delayed. The Issuer, Accord or YBS shall not, without the prior written consent of the Relevant Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not any Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of a Relevant Party.

## 11. INDEMNIFICATION BY THE NOTE PURCHASERS

- 11.1 Each Note Purchaser severally indemnifies (on an after tax basis) the Issuer and the Seller against any Loss which it may incur arising out of, in connection with or based on any breach by such Note Purchaser of any of its representations, warranties and undertakings contained in **Clause 14** (Note Purchaser's Representations, Warranties and Undertakings), provided that such Note Purchaser shall not be liable for any Losses arising from the sale by such Note Purchaser of any Notes to any person believed by such Note Purchaser on reasonable grounds and after making reasonable investigations to be a person to whom Notes could properly be sold, or to whom any material could lawfully be given, in compliance with **Clause 14** (Note Purchaser's Representations, Warranties and Undertakings).
- 11.2 In case any action shall be brought against the Issuer and/or the Seller in respect of which recovery may be sought from a Note Purchaser under this **Clause 11**, the Issuer and/or Seller, as the case may be, shall as soon as reasonably practicable notify the relevant Note Purchaser in writing, but failure to do so will not relieve the relevant Note Purchaser from any liability under this Agreement. Subject to **Clause 11.3**, the relevant Note Purchaser may participate at its own expense in the defence of any action and shall be entitled to appoint legal advisors reasonably satisfactory to the Issuer and/or the Seller, as the case may be, subject to the payment by the relevant Note Purchaser of all legal and other expenses of such defence.
- 11.3 If it so elects within a reasonable time after receipt of the notice referred to in **Clause 11.2**, the relevant Note Purchaser may, subject as provided below, assume the defence of the action with legal advisors chosen by it and approved by the Issuer and/or the Seller as the case may be. Provided that and notwithstanding any such election the Issuer and/or the Seller, as the case may be, may employ separate legal advisors but the fees and expenses of such separate legal advisors shall be the liability of the Issuer and/or the Seller unless any of the following circumstances occur in which case they shall be the liability of the relevant Note Purchaser:
- (a) the use of the legal advisors chosen by the relevant Note Purchaser to represent the Issuer and/or the Seller would present such legal advisors with an actual or potential conflict of interest;
  - (b) the actual or potential defendants in, or targets of, any such action include both the Issuer and/or the Seller and the relevant Note Purchaser and the Issuer and/or Seller concludes that there may be legal defences available to it which are different from or additional to those available to the relevant Note Purchaser; or
  - (c) the relevant Note Purchaser has not employed legal advisors satisfactory to the Issuer and/or the Seller to represent the Issuer and/or the Seller within a reasonable time after notice of the institution of such action.
- 11.4 If the relevant Note Purchaser assumes the defence of the action, the relevant Note Purchaser shall not be liable for any fees and expenses of legal advisors of the Issuer and/or the Seller incurred thereafter in connection with the action, except as stated above.
- 11.5 The relevant Note Purchaser shall not be liable in respect of any settlement of any action effected without its consent, such consent not to be unreasonably withheld or delayed. The relevant Note Purchaser shall not, without the prior written consent of the Issuer and/or the Seller, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not the Issuer and/or the Seller is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer and/or the Seller from all liability arising out

of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of the Issuer and/or the Seller.

## 12. LISTING

- 12.1 The Issuer confirms that it has made an application for the Class A Notes to be listed. In connection with such application, the Issuer shall endeavour to obtain the listing as promptly as practicable and the Issuer and the Seller shall furnish any and all documents, instruments, information and undertakings that may be necessary or advisable in order to obtain or maintain the listing.
- 12.2 The Issuer confirms that the Prospectus has been approved as a prospectus by the Central Bank and has been published in accordance with the Prospectus Directive.
- 12.3 The Issuer undertakes to procure that, within the applicable time limit, copies of the Prospectus are filed with the Central Bank and the Irish Stock Exchange as required by the Listing Rules.
- 12.4 If (after the approval of the Prospectus by the Central Bank and before the commencement of trading in the Notes) there arises or is noted a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the Notes, then the Issuer or the Seller shall give to the Arranger, the Joint Lead Managers and the Initial Notes Purchaser full information about the change or matter and shall produce and publish a supplementary prospectus (in a form approved by the Arranger, the Joint Lead Managers and the Initial Notes Purchaser) in accordance with the Prospectus Directive.
- 12.5 The Issuer will use its best endeavours to maintain the listing of the Class A Notes for so long as any of the Class A Notes is outstanding. If, however, it is unable to do so, having used such best endeavours, or if the maintenance of such listing is agreed by the Arranger and the Joint Lead Manager to be unduly onerous (and the Note Trustee is of the opinion that to do so would not be materially prejudicial to the interests of the Class A Noteholders) or the Class A Notes cease to be listed, then the Issuer shall endeavour promptly to list the Class A Notes on another European Economic Area regulated market (for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EEC)) to be agreed between the Issuer, the Arranger, the Joint Lead Managers, the Initial Notes Purchaser and the Note Trustee.

## 13. CONDITIONS

- 13.1 The obligations of the Joint Lead Managers and the Initial Notes Purchaser under this Agreement are conditional upon:
- (a) there having been, since the date of this Agreement and in the opinion of the Joint Lead Manager:
    - (i) no change nor any development or event involving a prospective adverse change in the condition (financial or otherwise), business, prospects, results of operations or general affairs of the Issuer or the Seller since the date of this Agreement or from that set out in the Prospectus which would be likely to prejudice materially the issue of the Notes or which is otherwise material in the context of the issue, offering or distribution of the Notes and the entry into and performance of the Transaction Documents;
    - (ii) no event nor the discovery of any fact making any of the representations and warranties contained in **Clause 7** (Representations and Warranties of the Issuer)(in the case of the Issuer), or **Clause 8** (Representations and Warranties of the Seller) (in respect of the Seller), or **Clause 9** (Representations and Warranties of YBS) (in

respect of YBS) untrue, misleading or incorrect on the Closing Date as though they had been given and made on such date; and

- (iii) no failure on the part of the Issuer or the Seller to perform each and every covenant and obligation which is intended to be performed respectively by it on or before the Closing Date pursuant to this Agreement and the Transaction Documents;
- (b) evidence satisfactory to the Joint Lead Managers and the Initial Notes Purchaser that all conditions precedent to each of the Transaction Documents have been or (subject to the issue of the Notes) will be satisfied;
- (c) evidence that this Agreement and the Transaction Documents have been executed and delivered by the respective parties thereto;
- (d) evidence that the GIC Account and the Transaction Account have been validly opened and copies of the bank account mandates in relation thereto;
- (e) the delivery to the Joint Lead Managers, the Initial Notes Purchaser and the VFN Purchaser on or before the Closing Date of:
  - (i) legal and tax opinions dated the Closing Date in such form and with such contents as the Joint Lead Managers, the Initial Notes Purchaser, the Security Trustee and the Note Trustee may require from Allen & Overy LLP, legal and tax advisors in England to the Seller and the Issuer;
  - (ii) a certificate signed by a duly authorised officer of the Issuer to the effect stated in **Clause 13.1(a)** with regard to the Issuer;
  - (iii) a certificate signed by a duly authorised officer of the Seller to the effect stated in **Clause 13.1(a)** with regard to the Seller;
  - (iv) a certificate signed by a duly authorised officer of YBS to the effect stated in **Clause 13.1(a)** with regard to YBS;
  - (v) the due diligence reports of Allen & Overy LLP addressed to, among others, the Issuer, the Seller, YBS and the Joint Lead Managers in such form and with such contents as the Arranger may require;
  - (vi) auditors' reports and comfort letters (including, without limitation, an ICMA letter in relation to information in the Preliminary Prospectus and the Prospectus, and comfort letters in relation to certain agreed upon procedures on a random sample of selected Loans and an engagement letter in respect thereof) addressed to the Joint Lead Managers and the Initial Notes Purchaser and, in each case, in such form and with such contents as the Joint Lead Managers and the Initial Notes Purchaser may require from KPMG LLP, independent auditors to the Issuer;
  - (vii) a copy, certified by a duly authorised signatory of the Issuer, of:
    - (A) the constitutional documents of the Issuer;
    - (B) the certificate of the Registrar of Companies issued under Section 761 of the Companies Act 2006 allowing the Issuer to do business and exercise borrowing powers;

- (C) a certificate of solvency of the Issuer; and
  - (D) the resolutions of the board of directors of the Issuer authorising the execution of this Agreement and the Transaction Documents to which the Issuer is expressed to be a party and the performance of the transactions contemplated thereby and the issue of the Notes;
- (viii) a copy, certified by a duly authorised signatory of Holdings, of:
- (A) the constitutional documents of Holdings;
  - (B) a certificate of solvency of Holdings;
  - (C) the resolutions of the board of directors of Holdings authorising the execution of the Transaction Documents to which Holdings is expressed to be a party and the performance of the transactions contemplated thereby;
- (ix) a copy, certified by a duly authorised signatory of the Seller, of:
- (A) the constitutional documents of the Seller;
  - (B) a certificate of solvency of the Seller; and
  - (C) the written resolutions of the board of directors of the Seller authorising the execution of this Agreement and the Transaction Documents to which the Seller is expressed to be a party and the performance of the transactions contemplated thereby;
- (x) a copy, certified by a duly authorised signatory of YBS, of:
- (A) the constitutional documents of YBS;
  - (B) a certificate of solvency of YBS; and
  - (C) the written resolutions of the Wholesale Funding Committee of YBS authorising the execution of this Agreement and the Transaction Documents to which YBS is expressed to be a party and the performance of the transactions contemplated thereby; and
- (xi) any other documents (including, but not limited to, any resolutions, consents and authorities) relating to the issue of the Notes which the Arranger, the Joint Lead Managers and the Initial Notes Purchaser may reasonably require;
- (f) confirmation having been received by the Joint Lead Managers and the Initial Notes Purchaser on or before the Closing Date that:
- (i) the Prospectus has been approved as a prospectus by the Central Bank and has been published in accordance with the Prospectus Directive;
  - (ii) the delivery of the temporary Global Notes to the Common Safekeeper designated for the purpose by Euroclear and Clearstream, Luxembourg, for credit on the Closing Date to the accounts of Euroclear and Clearstream, Luxembourg with such Common Safekeeper;

- (iii) there is an agreement between the Issuer and the ICSDs with respect to the settlement in the ICSDs of Notes in new global note form;
  - (iv) the Class A Notes, subject only to the execution, authentication and delivery of the relevant temporary/permanent Global Notes, have been admitted to the Official List of the Irish Stock Exchange and approved for trading on the Regulated Market of the Irish Stock Exchange;
  - (v) the Arranger and the Joint Lead Managers have received evidence satisfactory to it that the fees and expenses expressed to be payable pursuant to **Clauses 5** (Commissions/Fees) and **6** (Expenses) have been or will be paid to it;
  - (vi) the Class Z VFN has been issued and subscribed for by the VFN Purchaser; and
  - (vii) each of the ratings for the Class A Notes set out in **Clause 4.3 above** have been assigned by the Rating Agencies either without conditions or subject only to the execution and delivery of the Transaction Documents;
- (g) the execution and delivery of the effectuation authorisation to the Common Safekeeper and of the Global Notes, this Agreement and the Transaction Documents (and all ancillary documents) by each of the parties thereto on or before the Closing Date (each in Agreed Form);
  - (h) that the matters expressly referred to or contemplated as having occurred on or before the Closing Date by this Agreement and the Transaction Documents, as the case may be, have been completed to the satisfaction of the Joint Lead Managers and the Initial Notes Purchaser;
  - (i) that on or before the Closing Date, there having been delivered to the Joint Lead Managers written confirmation from each of Fitch and Moody's that they have assigned a rating of AAA(sf) and Aaa(sf), respectively, to the Class A Notes;
  - (j) no Rating Agency having downgraded, nor given notice or made any public announcement of any intended or potential downgrading or of any review or surveillance with negative implications of, the ratings accorded to the Class A Notes; and
  - (k) no supplement having been prepared pursuant to **Clauses 4.1(p), 4.2(g), and/or 12.4**.

13.2 In the event that any of the conditions set out in subclause 13.1 is not satisfied on or before the Closing Date, this Agreement shall (subject as mentioned below) terminate and the parties hereto shall (except for the liability of the Issuer and the Seller in relation to expenses as provided under, or under any arrangements referred to in, **Clause 6** (Expenses) and except for **Clause 9** (Representations and Warranties of YBS) and any liability arising before or in relation to such termination) be under no further liability arising out of this Agreement, provided that the Joint Lead Managers and the Initial Notes Purchaser may in their discretion and by notice to the Issuer and Accord waive satisfaction of any of the above conditions or of any part of them or elect to treat such non-satisfaction of a condition as (except as otherwise specifically provided) releasing and discharging the Joint Lead Managers and the Initial Notes Purchaser from their obligations under this Agreement.

#### **14. NOTE PURCHASER'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

- 14.1 (a) Each Note Purchaser understands that 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 accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Each Note Purchaser represents, warrants and agrees that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Each Note Purchaser also represents, warrants and agrees that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the **distribution compliance period**), only in accordance with Rule 903 of Regulation S under the Securities Act. Each Note Purchaser agrees that, at or prior to confirmation of sale of Notes it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States."

Terms used in **Clause 14.1(a)** have the meanings given to them by Regulation S.

- (b) Each Note Purchaser represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used above have the meaning given to them by Regulation S.
- 14.2 Each Note Purchaser represents, warrants and agrees that, except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**), (i) it has not offered or sold, and during the restricted period will not offer or sell, the Notes in bearer form to a person who is within the United States or its possessions or to a United States person and (ii) it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period.
- 14.3 Each Note Purchaser represents, warrants and agrees that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling the Notes in bearer form are aware that the Notes in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules.
- 14.4 Each Note Purchaser which is a United States person represents that it is acquiring Notes for purposes of resale in connection with their original issuance and that if it retains any Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).

- 14.5 Each Note Purchaser agrees that, with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes in bearer form during the restricted period, it either (i) repeats and confirms the representations and agreements contained in **Clauses 14.2, 14.3 and 14.4 above**, on its behalf or (ii) will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in **Clauses 14.2 and 14.3 above**.
- 14.6 Terms used in **Clauses 14.2, 14.3, 14.4 and 14.5 above** have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.
- 14.7 Each Note Purchaser represents, warrants and agrees that:
- (a) 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; and
  - (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.
- 14.8 Each Note Purchaser undertakes that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms. Notwithstanding the foregoing, none of the Joint Lead Managers or the Arranger will owe any responsibility for or have any liability to the Issuer, the Seller or any other party for compliance by the Issuer or the Seller with the U.S. Risk Retention Rules.
- 14.9 Without prejudice to the generality of **Clause 14.7(b)**, each Note Purchaser agrees that it will obtain any consent, approval or permission which is required for the offer, purchase or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations.
- 14.10 Each Note Purchaser represents and agrees that it has not made the Notes available, or sold the Notes, to a retail investor and that it will not make the Notes available, or sell the Notes, to a retail investor. For these purposes, a retail investor means (i) a retail client as defined in point (11) of Article 4(1) of the MiFID II Directive or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of the MiFID II Directive.
- 14.11 The representations, warranties and undertakings of each of the Note Purchasers under this **Clause 14** are several and not joint.

## **15. U.S RISK RETENTION RULES**

- 15.1 Each of YBS, the Seller and the Issuer agree and acknowledge that none of the Arranger, the Joint Lead Managers or any person who controls them or any director, officer, employee, agent or affiliate of the Arranger or any Joint Lead Manager shall have any responsibility or liability for determining the proper characterisation of potential investors (including whether such investor is a Risk Retention U.S. Person) for the requirements of the U.S. Risk Retention Rules or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and none of the Arranger or the Joint Lead Managers or any person who controls them or any director, officer,

employee, agent or affiliate of the Arranger or any Joint Lead Manager accepts any liability or responsibility whatsoever for any such determination.

- 15.2 The Joint Lead Managers severally represent, on the date of this Agreement, that they have distributed the Risk Retention Notice to potential investors via Bloomberg. For the avoidance of doubt, the Joint Lead Managers shall not have any liability or responsibility whatsoever for the accuracy of the contents of any response from any potential investor or for any determination made in reliance on such response.
- 15.3 Each Joint Lead Manager represents that it did not, as a part of initial distribution, sell, place or otherwise transfer any Notes to any person that had stated in a response to the Risk Retention Notice provided to the Seller and the Joint Lead Managers that it is a Risk Retention U.S. Person for the purposes of the U.S. Risk Retention Rules unless directed to do so by the Issuer, YBS or the Seller.

## **16. TERMINATION**

- 16.1 Notwithstanding anything contained in this Agreement (in particular (without limitation) notwithstanding the termination described in **Clause 13.2**), the Arranger, the Joint Lead Managers and the Initial Notes Purchaser may by notice to the Issuer and the Seller terminate this Agreement at any time before the time on the Closing Date when payment would otherwise be due by the Initial Notes Purchaser and the VFN Purchaser under this Agreement to the Issuer in respect of the Notes if, in the opinion of the Arranger, the Joint Lead Managers or the Initial Notes Purchaser there shall have been such a change in national or international monetary, financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the issuing, offering and distribution of the Notes or dealings in the Notes in the secondary market.
- 16.2 Upon the notice being given the parties to this Agreement shall (except for the liability of the Issuer and the Seller in relation to expenses as provided in **Clause 6** (Expenses) and except for **Clause 9** (Representations and Warranties of YBS) and any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.

## **17. NOTICES**

- 17.1 Any notice or notification in any form to be given pursuant to this Agreement may be delivered in person or sent by fax or telephone addressed to:

- (a) if to the Issuer:

Brass No.6 PLC  
c/o Wilmington Trust SP Services (London) Limited  
Third Floor  
1 King's Arms Yard  
London EC2R 7AF

Fax number: +44 (0)20 7397 3601

Attention of: The Directors

(b) if to Accord:

Accord Mortgages Limited  
c/o Yorkshire Building Society  
Yorkshire House, Yorkshire Drive  
Bradford  
West Yorkshire BD5 8LJ

Fax number: +44 (0)1 2743 91858

Attention of: Treasury Operations Manager

(c) if to YBS as the Initial Notes Purchaser:

Yorkshire Building Society  
Yorkshire House  
Yorkshire Drive  
Bradford  
West Yorkshire BD5 8LJ

Fax number: +44 (0)1 2743 91858

Attention of: Treasury Operations Manager

(d) if to Barclays as the Arranger or Joint Lead Manager:

Barclays Bank PLC  
5 The North Colonnade, Canary Wharf  
London E14 4BB

Fax number: +44 (0)20 7516 7548

Attention of: Debt Syndicate

(e) if to BNP Paribas as the Joint Lead Manager:

BNP Paribas, London Branch  
10 Harewood Avenue  
London NW1 6AA

Email: [dl.flow.securisation@uk.bnpparibas.com](mailto:dl.flow.securisation@uk.bnpparibas.com)

Attention of: Asset Finance and Securitisation – Flow

(f) if to Lloyds as a Joint Lead Manager:

Lloyds Bank plc  
10 Gresham Street  
London  
EC2V 7AE

Tel. number: +44 (0) 20 7158 8697

Email: [dmitrij.levitski@lloydsbanking.com](mailto:dmitrij.levitski@lloydsbanking.com)

Attention of: Securitised Products Group

17.2 Any such notice or notification shall be in English and shall take effect, in the case of a letter, at the time of delivery, in the case of fax, at the time of despatch and, in the case of telephone, when made.

17.3 Any notice or notification made by telephone shall be confirmed by letter or fax but failure to send or receive the confirmation shall not invalidate the original notice or notification.

## **18. GOVERNING LAW AND JURISDICTION**

18.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

18.2 Each of the Issuer and the Seller agrees for the benefit of the Joint Lead Managers that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this Agreement) and accordingly submit to the exclusive jurisdiction of the courts of England.

## **19. AMENDMENTS**

No term of this Agreement may be amended or waived without the prior written consent of each of the parties to this Agreement.

## **20. COUNTERPARTS**

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of the Agreement.

## **21. AGREEMENT AMONG MANAGERS**

The execution of this Agreement on behalf of all parties hereto will constitute acceptance by each Joint Lead Manager of the ICMA Agreement Among Managers Version 1 subject to any amendment that the Joint Lead Managers may agree to in writing.

**IN WITNESS** whereof this Agreement has been executed as a deed and has been delivered on the date first above written.

## ANNEX 1

### RISK RETENTION NOTICE

**\*\*\* BRASS NO. 6 PLC: ADDITIONAL INFORMATION IN RELATION TO THE PROHIBITION OF PURCHASE OF THE NOTES BY ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES \*\*\***

YORKSHIRE BUILDING SOCIETY (YBS), ACCORD MORTGAGES LIMITED (the **Seller**) and BRASS NO. 6 PLC (**Issuer**) have requested the Joint Lead Managers to contact you (on behalf of the Seller) as follows:

(i) Your attention is drawn to the statements in the deal announcement and the Preliminary Prospectus that the notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules except (i) with the prior written consent of the Seller and (ii) where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules. In any case, the notes may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined under Regulation S. Each purchaser, for the avoidance of doubt, excluding the Joint Lead Managers, of the Notes (which term for this purpose will be deemed to include any interests in the Notes, including book-entry interests) will be deemed to have represented and agreed it (1) either (i) is not a "U.S. Person" as defined in the U.S. Risk Retention Rules or (ii) has obtained the prior written consent of the Seller, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

(ii) Please note that the definition of "U.S. Person" as defined in the U.S. Risk Retention Rules is broader than the definition of "U.S. Person" as defined in Reg S. Therefore you (and/or any underlying investment vehicle you wish to allocate notes to) may be a "U.S. Person" as defined in the U.S. Risk Retention Rules even though you are not a "U.S. Person" as defined in Reg S.

(iii) If you (and/or any underlying investment vehicle you wish to allocate notes to) are a "U.S. Person" as defined in the U.S. Risk Retention Rules then it is essential that you notify the Seller and the Joint Lead Managers of this by an email in the form proposed below, as failure to do so could mean that the sale will not fall within the exemption provided by Section 20 of the U.S. Risk Retention Rules which could result in a breach of the U.S. Risk Retention Rules.

(iv) Accordingly if you are in any doubt as to whether you (and/or any underlying investment vehicle you wish to allocate notes to) are a "U.S. Person" as defined in the U.S. Risk Retention Rules you should seek legal advice.

(v) If you (and/or any underlying investment vehicle you wish to allocate notes to) are a "U.S. Person" as defined in the U.S. Risk Retention Rules then you may only purchase notes with the prior written consent of the Seller. Therefore, if you wish to purchase notes, you must notify the Seller and the Joint Lead Managers by emailing the Seller and the Joint Lead Managers (using the email addresses below) with the information set out below.

Note that, failure to respond to this request (if you are a "U.S. Person" as defined in the U.S. Risk Retention Rules) in the manner set out herein may disqualify you from purchasing any securities or other obligations

offered by the Issuer. The Issuer, the Seller, the Joint Lead Managers and their affiliates will rely on the statements made by you in allocating any such securities or other obligations to you (or a beneficial owner for which you are acting). At the time final allocations are communicated, if the Seller consents to you purchasing any Notes, you will be notified of the allocations allotted to you and, if applicable, provided with

a consent. Only the notification to you of your final allocations will constitute the consent of the Seller to your purchasing of the Notes (in relation only to the securities allocated to you).

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To: [rjdriver@ybs.co.uk](mailto:rjdriver@ybs.co.uk); [LDavies@ybs.co.uk](mailto:LDavies@ybs.co.uk); [azhalmshaw@ybs.co.uk](mailto:azhalmshaw@ybs.co.uk); [SxKane@ybs.co.uk](mailto:SxKane@ybs.co.uk); [dshoward@ybs.co.uk](mailto:dshoward@ybs.co.uk); [kekitterick@ybs.co.uk](mailto:kekitterick@ybs.co.uk)

CC: [matthew.mills@barclays.com](mailto:matthew.mills@barclays.com); [dan.taylor@uk.bnpparibas.com](mailto:dan.taylor@uk.bnpparibas.com); [dmitrij.levitski@lloydsbanking.com](mailto:dmitrij.levitski@lloydsbanking.com); [vikas.popat@barclays.com](mailto:vikas.popat@barclays.com); [bilal.husain@uk.bnpparibas.com](mailto:bilal.husain@uk.bnpparibas.com); [colin.parkhill@lloydsbanking.com](mailto:colin.parkhill@lloydsbanking.com)

Subject: BRASS NO. 6 PLC - REQUEST FOR ALLOCATIONS FROM A "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES

a) We confirm to the Seller and to the Joint Lead Managers that the entity named below is a "U.S. Person" as defined in the U.S. Risk Retention Rules:

\*\* [insert name] \*\*

b) We request that the Seller considers the following order (including requested tranches) for the entity which is a "U.S. Person" as defined in the U.S. Risk Retention Rules:

\*\* [insert order] \*\*

**SIGNATORIES**

**ISSUER**

**EXECUTED and DELIVERED as a DEED** )  
for and on behalf of **BRASS NO.6 PLC** )  
acting by its authorised signatory: )

in the presence of:

Witness:

Name:

Address:

**ACCORD as SELLER and VFN PURCHASER**

**EXECUTED and DELIVERED as a DEED** )  
by **ACCORD MORTGAGES LIMITED** )  
acting by its Attorney )

Attorney

in the presence of:

Witness:

Name:

Address:

**YBS as INITIAL NOTES PURCHASER**

The **COMMON SEAL** of )  
**YORKSHIRE BUILDING SOCIETY** )  
is affixed to this **DEED** in the presence of: )

By authority of the Board of Directors

**BARCLAYS as ARRANGER and JOINT LEAD MANAGER**

**EXECUTED and DELIVERED as a DEED** )  
by **BARCLAYS BANK PLC** )  
acting by its Authorised Signatory )

in the presence of:

Witness:

Name:

Address:

**LLOYDS as JOINT LEAD MANAGER**

**EXECUTED and DELIVERED as a DEED** )  
by **LLOYDS BANK PLC** )  
acting by its Authorised Signatory )

in the presence of:

Witness:

Name:

Address:

**BNP PARIBAS as JOINT LEAD MANAGER**

**EXECUTED and DELIVERED as a DEED** )  
by **BNP PARIBAS, LONDON BRANCH** )  
acting by its Authorised Signatory )

acting by its Authorised Signatory