

BASE PROSPECTUS FOR THE ISSUE OF WARRANTS

**MACQUARIE BANK LIMITED**

(ABN 46 008 583 542)

(Incorporated with limited liability in the Commonwealth of Australia)



## Warrant Programme

**ISSUER**

Macquarie Bank Limited

**PRINCIPAL WARRANT AGENT**

Deutsche Bank AG, London Branch

**LUXEMBOURG WARRANT AGENT**

Deutsche Bank Luxembourg S.A.

**LUXEMBOURG LISTING AGENT**

Deutsche Bank Luxembourg S.A.

This document comprises a base prospectus of Macquarie Bank Limited for the purposes of Article 5.4 of Directive 2003/71/EC.

The date of this Base Prospectus is 15 November 2011

## Introduction

---

Any Warrants (as defined below) issued on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Warrants issued before the date of this Base Prospectus. Macquarie Bank has previously published, and may in the future publish, other prospectuses or offering documents in relation to the issue of other warrants.

Under the terms of its Warrant Programme described in this Base Prospectus (“**Programme**”), Macquarie Bank Limited (ABN 46 008 583 542) (“**Issuer**”, “**Macquarie**”, “**Macquarie Bank**” or “**Bank**”) may from time to time issue warrants (“**Warrants**”) of any kind including, but not limited to, Warrants relating to a specified index or a basket of indices (“**Index Warrants**”), a specified share or a basket of shares (“**Share Warrants**”), a specified debt instrument or a basket of debt instruments (“**Debt Warrants**”), a specified currency or a basket of currencies (“**Currency Warrants**”) or a specified commodity or a basket of commodities (“**Commodity Warrants**”). Each issue of Warrants will be issued on the terms and conditions set out in the section entitled “Terms and Conditions of the Warrants” on pages 30 to 60 inclusive of this Base Prospectus and on such additional terms and conditions as will be set out in the final terms (“**Final Terms**”) for the issue of such Warrants (together, the “**Terms and Conditions**”). Each Final Terms with respect to Warrants to be listed and traded on the Luxembourg Stock Exchange’s regulated market (the “**Regulated Market**”) will be delivered to the *Commission du Surveillance du Secteur Financier* (“**CSSF**”) on or prior to the date of listing of such Warrants. Macquarie Bank shall have complete discretion as to what type of Warrants it issues and when.

This Base Prospectus is published, and the Final Terms for each issue of Warrants to be listed on the Luxembourg Stock Exchange will be published, at the Luxembourg Stock Exchange and is, or will be, available on the Luxembourg Stock Exchange’s internet site [www.bourse.lu](http://www.bourse.lu).

The Warrants of each issue may be sold by Macquarie Bank and/or any Manager (as defined under “Summary of the Programme” on pages 9 to 11 inclusive of this Base Prospectus) of an issue of Warrants (as applicable to such issue of Warrants) at such time and at such prices as Macquarie Bank and/or the Manager(s) may select. There is no obligation upon Macquarie Bank or any Manager to sell all of the Warrants of any issue. The Warrants of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of Macquarie Bank.

The form of the Final Terms is set out on pages 61 to 67 inclusive of this Base Prospectus and will specify with respect to the issue of Warrants to which it relates, *inter alia*, the specific designation of the Warrants, the aggregate number and type of the Warrants, the date of issue of the Warrants, the issue price, the exercise price, the underlying asset, index or other item(s) to which the Warrants relate, the exercise period or date and certain other terms relating to the offering and sale of the Warrants. The Final Terms relating to an issue of Warrants will be attached to, or endorsed upon, the Global Warrant (as defined below) representing such Warrants. The Final Terms supplements the Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, supplement, replace or modify the Terms and Conditions.

Each issue of Warrants will entitle the holder thereof (on due exercise and, if applicable, subject to certification as to non-U.S. beneficial ownership) either to receive a cash amount (if any) calculated in accordance with the relevant terms or to receive physical delivery of the underlying assets against payment of a specified sum, all as set forth herein and in the applicable Final Terms.

Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. Warrants involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a total loss of the purchase price of their Warrants. See “Risk Factors” on pages 12 to 23 inclusive of this Base Prospectus.

Application has been made to the CSSF in its capacity as competent authority for the purposes of Directive 2003/71/EC of the European Parliament and the Council of 4 November, 2003 (“**Prospectus Directive**”) to approve this document as a “base prospectus”. The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Law on prospectuses for securities. Application has also been made for Warrants issued under the Programme during the twelve month period from the date of this Base Prospectus to be admitted to the official list and traded on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. The applicable Final Terms will specify whether or not Warrants are to be listed on the Regulated Market of the Luxembourg Stock Exchange and/or any other stock exchange(s). Macquarie Bank may also issue unlisted Warrants.

Warrants will be issued in uncertificated registered form. Each issue of Warrants will be constituted and represented by a global warrant (each a “**Global Warrant**”) executed as a deed poll in favour of the holders of those Warrants from time to time and which will be issued and deposited with a common depositary on behalf of Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”) on the date of issue of the relevant Warrants. Definitive Warrants will not be issued.

## Important Notice

---

This Base Prospectus has not been, nor will be, lodged with the Australian Securities and Investments Commission (“ASIC”) and is not a ‘prospectus’ or other ‘disclosure document’ for the purposes of the Corporations Act 2001 of Australia (“Corporations Act”). In addition, see the selling restrictions set out under the heading “Offering and Sale” on pages 87 to 98 inclusive of this Base Prospectus.

### Base Prospectus

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and is provided for the purpose of giving information with regard to the Issuer and its subsidiaries, which, according to the particular nature of the Issuer and the Warrants, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Warrants in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant EEA State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant EEA State, from the requirement to publish a prospectus for offers of Warrants. Accordingly any person making or intending to make an offer in that Relevant EEA State of Warrants which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Warrants may only do so (i) in the circumstances in which no obligation arises for the relevant Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant EEA State or, where appropriate, approved in another Relevant EEA State and notified to the competent authority in that Relevant EEA State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3.2 of the Prospectus Directive in that Relevant EEA State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Warrants in circumstances in which an obligation arises for an Issuer or any Manager to publish or supplement a prospectus for such offer.

### Responsibility

Macquarie Bank accepts responsibility for the information contained in this Base Prospectus. To the best of Macquarie Bank’s knowledge (after having taken reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by Macquarie Bank for the information relating to the underlying asset, index or other item(s) to which the Warrants relate.

Any person (“**Investor**”) intending to acquire, or who is acquiring, any securities from any person (“**Offeror**”) should be aware that, in the context of an offer of securities to the public as defined the Prospectus Directive, Macquarie Bank may be responsible to the Investor for this Base

Prospectus only if Macquarie Bank has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by Macquarie Bank. If the Offeror is not authorised by Macquarie Bank, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus as meant by Article 6 of the Prospectus Directive in the context of the offer to the public, and, if so, who that person is. If any Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents they should seek independent legal advice.

### **Documents incorporated by reference**

This Base Prospectus is to be read and construed in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” on pages 27 to 29 inclusive of this Base Prospectus). This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

Internet site addresses in this Base Prospectus are included for reference only and the contents of any such internet sites are not incorporated by reference into, and do not form part of, this Base Prospectus.

### **No independent verification or advice**

No Manager has independently verified all of the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of any information contained in this Base Prospectus or any further information supplied in connection with the Programme.

Neither this Base Prospectus nor any information provided in connection with the Warrants is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by Macquarie Bank or any Manager that any recipient of this Base Prospectus purchase any Warrants or any rights in respect of any Warrants. Each investor contemplating purchasing any Warrants or any rights in respect of any Warrants should make (and shall be deemed to have made) its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of Macquarie Bank.

No advice is given in respect of the taxation treatment of investors in connection with investment in any Warrants and each investor is advised to consult its own professional adviser.

### **Currency of information**

Neither the delivery of this Base Prospectus nor any sale made in connection with this Base Prospectus at any time implies that the information contained herein concerning Macquarie Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated. Investors should review, amongst other things, the documents deemed to be incorporated herein by reference, when deciding whether or not to purchase any Warrants.

### **No review of affairs of Macquarie Bank or the Group**

No Manager undertakes to review the financial condition or affairs of Macquarie Bank and its controlled entities (“**Group**”) during the life of the Programme or to advise any investor in the Warrants of any information coming to the attention of such Manager.

## Risk factors

An investment in the Warrants involves risks that include, without limitation; those described in “Risk Factors” on pages 12 to 23 inclusive of this Base Prospectus.

## No authorisation

No person has been authorised to give any information or make any representations not contained in this Base Prospectus in connection with Macquarie Bank, the Group, the Programme or the issue or sale of the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by Macquarie Bank or any Manager.

## Distribution

The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”), and trading in the Warrants has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1936. Warrants may not be offered, sold, resold, delivered or transferred 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) at any time, unless the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Warrants will be exercisable by the holder only upon certification as to non-U.S. beneficial ownership unless the Final Terms relating to a Warrant expressly provides otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. See “Offering and Sale – United States” on pages 88 and 89 of this Base Prospectus.

The distribution of this Base Prospectus and any Final Terms and the offer or sale of Warrants may be restricted by law in certain jurisdictions. Neither Macquarie Bank nor any Manager represents that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, except for registration of this Base Prospectus, no action has been taken by Macquarie Bank or a Manager which would permit a public offering of any Warrants or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Warrants may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Managers have represented that all offers and sales by them will be made on the same terms.

Persons into whose possession this Base Prospectus or any Warrants come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in Australia, the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, the People’s Republic of China, Malaysia, Mexico and Taiwan (see “Offering and Sale” on pages 87 to 98 inclusive of this Base Prospectus).

The Warrants create options exercisable by the relevant holder. There is no obligation upon any holder to exercise his or her Warrant nor, in the absence of such exercise, any obligation on Macquarie Bank to pay any amount or deliver any asset to any holder of a Warrant. The Warrants will be exercisable in the manner set forth herein and in the applicable Final Terms.

## No offer

Neither this Base Prospectus nor any other information provided in connection with the Warrants or the Programme is intended to, nor does it, constitute an offer or invitation by or on behalf of Macquarie Bank or any other person to subscribe for, purchase or otherwise deal in any Warrants nor is it intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any Warrants.

## Australian banking legislation

Macquarie Bank is an “authorised deposit-taking institution” (“**ADI**”) as that term is defined under the Banking Act 1959 of Australia (“**Banking Act**”).

The Australian Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI’s assets in Australia are to be available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including the Warrants). These specified liabilities include certain obligations of the ADI to APRA in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia (“**RBA**”) and certain other debts to APRA. A “**protected account**” is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

**Warrants issued under the Programme are not protected accounts for the purposes of the FCS and are not deposit liabilities of Macquarie Bank. They are unsecured obligations of Macquarie Bank and in the event of the winding up of Macquarie Bank would rank equally with other unsecured obligations of Macquarie Bank and ahead of subordinated debt and obligations to shareholders (in their capacity as such).**

**Warrants are not guaranteed by the Australian Government or by any other party.**

## References to currencies

In this Base Prospectus, references to “**A\$**” and “**Australian Dollars**” are to the lawful currency of the Commonwealth of Australia, references to “**Japanese Yen**” are to the lawful currency of Japan and references to “**€**” and “**euro**” are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time.

## Supplement to the Prospectus

If at any time Macquarie Bank shall be required to prepare a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive, Macquarie Bank will prepare and make available an appropriate supplement to this Base Prospectus or a further prospectus which, in respect of any subsequent issue of Warrants to be listed and traded on the Regulated Market of the Luxembourg Stock Exchange, shall constitute a supplement to the prospectus as required by Article 16 of the Prospectus Directive.

Macquarie Bank has undertaken, in connection with the listing of the Warrants, that if at any time while any Warrants are listed and traded on the Regulated Market of the Luxembourg Stock Exchange there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of

any Warrants and whose inclusion in this Base Prospectus or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Macquarie Bank and the rights attaching to the Warrants, Macquarie Bank will prepare and make available a supplement to this Base Prospectus or a further prospectus for use in connection with any subsequent issue of Warrants to be listed and traded on the Regulated Market of the Luxembourg Stock Exchange.



# CONTENTS

	<b>Page</b>
Introduction .....	1
Important Notice .....	3
Summary of the Programme.....	9
Risk Factors .....	12
General Description of the Programme .....	24
Documents Incorporated by Reference .....	27
Terms and Conditions of the Warrants.....	30
Form of Final Terms.....	61
Macquarie Bank Limited .....	67
Selected Financial Information .....	77
Offering and Sale.....	86
Taxation .....	98
Use of Proceeds.....	104
General Information .....	105
Directory .....	108

## Summary of the Programme

---

*The following should be read, in relation to any Warrants, in conjunction with the Final Terms and, to the extent applicable, the Terms and Conditions set out on pages 30 to 60 inclusive of this Base Prospectus or any other Terms and Conditions applicable to the relevant Warrants as may be set out in the relevant Final Terms. Words or expressions defined or used in the Terms and Conditions set out in the Base Prospectus shall, unless the contrary intention appears, have the same meaning in this summary.*

*This summary must be read as an introduction only to this Base Prospectus and any decision to invest in the Warrants should be based on a consideration of this Base Prospectus as a whole, including, without limitation, the “Risk Factors” on pages 12 to 23 inclusive of this Base Prospectus and the documents incorporated by reference into this Base Prospectus (see “Documents Incorporated by Reference” on pages 27 to 29 inclusive of this Base Prospectus). Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to Macquarie Bank in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Union, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

*This Base Prospectus has been prepared in compliance with the Luxembourg law of 10 July 2005 which implements the Prospectus Directive and is a “base prospectus” for the purposes of the Prospectus Directive. This Base Prospectus has not been, nor will be, lodged with ASIC and is not a ‘prospectus’ or other ‘disclosure document’ for the purposes of the Corporations Act. In addition, the Warrants have not been and will not be registered under the Securities Act. For a description of certain restrictions on resales and transfers of the Warrants, see the selling restrictions set out under the heading “Offering and Sale” on pages 87 to 98 inclusive of this Base Prospectus.*

Issuer: Macquarie Bank Limited (ABN 46 008 583 542), a corporation constituted with limited liability under the laws of the Commonwealth of Australia and authorised to carry on banking business in the Commonwealth of Australia and the United Kingdom.

Macquarie Bank is a global provider of banking, financial, advisory, and investment and funds management services. Macquarie Bank is a client driven business which generates income by providing a diversified range of services to clients. Macquarie Bank acts on behalf of institutional, corporate and retail clients and counterparties around the world.

Macquarie Bank may offer Warrants acting through its head office in Sydney or one or more of its branches outside Australia as specified in the applicable Final Terms (if any) or (in other cases) as agreed with the relevant Manager.

Description: Warrant Programme.

Managers:	Macquarie Bank may from time to time appoint one or more managers in respect of an issue of Warrants. References in this Base Prospectus to “ <b>Managers</b> ” are to the persons appointed as a manager in respect of an issue of Warrants.
Agents:	Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A.
Risk Factors:	There are certain factors which may affect Macquarie Bank’s ability to fulfil its obligations under Warrants issued under the Programme. Investors should note that the risks relating to a particular issue of Warrants include, amongst others, risks relating to Macquarie Bank and the Group, the market generally (such as economic and political events, liquidity risk and exchange rate and interest rate risks), general risks relating to the Warrants and other legal and investment considerations. See “Risk Factors” on pages 12 to 23 inclusive of this Base Prospectus for further information.
Distribution:	Warrants may be distributed on a syndicated or non-syndicated basis.
Programme Term:	The Programme will not have a fixed maturity date.
Method of Issue:	Macquarie Bank may from time to time issue Warrants in one or more Series.
Issue Price:	As specified in the relevant Final Terms (if any) or (in other cases) as agreed between Macquarie Bank and the relevant Manager(s).
Form of Warrants:	Warrants will be issued in uncertificated registered form. Each issue of Warrants will be constituted and represented by a Global Warrant executed as a deed poll in favour of the holders of those Warrants from time to time and which will be issued and deposited with a common depository on behalf of Clearstream, Luxembourg and Euroclear on the date of issue of the relevant Warrants. Definitive Warrants will not be issued.
Use of Proceeds:	Proceeds realised from the issuance of Warrants will be used by Macquarie Bank for the Group’s general corporate purposes.
Settlement Currencies:	The settlement currency will be set out in the applicable Final Terms.
Status of the Warrants:	Warrants will be direct and unsecured obligations of Macquarie Bank and will rank <i>pari passu</i> without any preference among themselves. Claims against Macquarie Bank in respect of the Warrants will rank at least equally with the claims of other unsecured and unsubordinated creditors of Macquarie Bank (except creditors mandatorily preferred by law).
Governing Law:	The Warrants will be governed by English law.

Listing and admission  
to trading:

Warrants issued under the Programme may be listed on the Luxembourg Stock Exchange or such other stock exchange specified in the relevant Final Terms or unlisted.

Application has been made for Warrants issued under the Programme during the twelve month period from the date of this Base Prospectus to be admitted to the official list and traded on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

Selling and Transfer  
Restrictions:

The offering, sale, delivery and transfer of Warrants and the distribution of this Base Prospectus and other material in relation to any Warrants are subject to restrictions including, in particular, restrictions in Australia, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, the People's Republic of China, Malaysia, Mexico and Taiwan. See "Offering and Sale" on pages 87 to 98 inclusive of this Base Prospectus.

In addition, the Warrants may be subject to certain restrictions on resales and transfers set out in the section entitled "Important Notice" on pages 3 to 7 inclusive of this Base Prospectus.

## Risk Factors

---

*Macquarie Bank believes that the following investment considerations may affect its ability to fulfil its obligations under the Warrants issued under the Programme. All of these investment considerations are contingencies which may or may not occur and Macquarie Bank is not in a position to express a view on the likelihood of any such contingency occurring.*

*Investment considerations which Macquarie Bank believes may be material for the purpose of assessing the risks associated with Warrants issued under the Programme and the market for Warrants generally are also described below.*

*Macquarie Bank believes that the investment considerations described below represent the principal risks inherent in investing in the Warrants issued under the Programme, but the Issuer may be unable to meet its obligations under the Warrants for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.*

*Potential Investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and consult their own financial, tax and legal advisers as to the risks and investment considerations arising from an investment in the Warrants, the appropriate tools to analyse such an investment, and the suitability of such an investment in the context of the particular circumstances of each investor.*

*Macquarie Bank is an ADI as that term is defined under the Banking Act 1959 of Australia ("Banking Act").*

*See "Australian banking legislation" on page 6 of this Base Prospectus for important information about the Banking Act.*

**(a) Factors that may affect the Issuer's ability to fulfil its obligations under Warrants issued under the Programme**

***Macquarie Bank's ability to fulfil its obligations under the Warrants***

The factors described below represent the inherent risks relating to Macquarie Bank and the Group. Macquarie Bank does not represent that the statements below regarding the risks relating to it and the Group are exhaustive. You should carefully consider the risks below and the other information in this Base Prospectus.

The value of the Warrants depends upon, amongst other things, the ability of Macquarie Bank to fulfil its obligations under the Warrants.

The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the entity is exposed. There are a number of risks faced by Macquarie Bank and the Group, including those that encompass a broad range of economic and commercial risks, many of which are not within their control. The performance of all of the Group's major businesses can be influenced by external market and regulatory conditions. If all or most of the Group's businesses were affected by adverse circumstances in the same period, overall earnings would suffer significantly. The Group's risk management framework incorporates active management and monitoring of risks including market, credit, equity, liquidity, operational, compliance, foreign exchange, legal, regulatory and reputation risks. These risks create the potential for Macquarie Bank and the Group to suffer loss.

### *Market conditions, including funding*

Global market conditions are subject to periods of volatility and change, which can negatively impact market liquidity, increase credit spreads and reduce funding availability. Since 2008, global equity and debt markets have experienced some difficult conditions. These challenging market conditions have resulted in periods of reduced liquidity, extreme volatility and declining asset prices, as well as greater counterparty credit risk, widening of credit spreads and lack of price transparency in credit and other markets.

Market conditions also led to the failure of a number of financial institutions and the intervention of government authorities and central banks around the world. Notwithstanding some improvement in global economic conditions, conditions remain difficult and there is no assurance that market conditions will continue to improve. If the economic climate worsens in the future, the Group's financial performance, business or strategy may be adversely affected.

The Group relies on debt markets for funding its business. Further instability in these markets may affect the Group's ability to access funding, particularly the ability to issue long-term debt securities, to replace maturing liabilities in a timely manner and to access the funding necessary to grow its businesses. In addition, an increase in credit spreads may increase the Group's cost of funding. Further, volatile and deteriorating markets may reduce activity and the flow of transactions, which may adversely impact Macquarie Bank's financial performance. Other risks associated with funding that the Group may face are over reliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources.

Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, listed and unlisted investment assets, property and other investments, as well as adverse economic conditions, will affect the financial performance of the Group, for instance, through its ability to earn base and performance fees and other advisory and client facilitation fees. In addition, the Group may be indirectly adversely affected by any negative performance of any Group or Macquarie Group (being Macquarie Group Limited and its controlled entities) managed fund, as investors and lenders may associate Group or Macquarie Group managed funds with the Macquarie brand.

In poor market conditions, the Group may be required to hold its investment assets for longer, or sell these assets at a lower price than historically expected and this may impact the Group's rate of return on these assets and require funding for longer periods than anticipated. This may include situations where potential buyers of the Group's investment assets are unable to obtain financing to purchase assets that the Group currently holds or purchases.

Continuing capital market volatility may require the Group to make writedowns of its funds management assets and other investments and loan impairment provisions. This would impact the Group's financial performance.

### *Liquidity risk*

The Group is exposed to the risk that it is unable to meet its financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to the Group's businesses. Liquidity could be impaired by an inability to access credit and debt markets, an inability to sell assets or unforeseen outflows of cash or collateral. In difficult credit and debt markets the Group may be forced to find alternative funding sources or fund its operations at a higher cost.

As the global economic crisis emerged, governments and central banks around the globe implemented relief measures in an attempt to restore confidence in financial systems and bolster economic growth. There can be no assurance, however, that such measures will result

in a sustained long-term stabilisation of financial markets. In addition, governments have begun to withdraw or alter their support of such relief measures and it is not clear what effect these actions will have on global economic conditions or the Group's financial condition. If access to public bond markets over the medium term worsens, and other existing avenues of term funding become unavailable, the Group may need to consider selling liquid assets.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among the financial institutions. As a result, in light of recent significant volatility in the financial sector and the capital markets, concerns, whether well-founded or not, about, or default by, any large financial institution, or by a sovereign that guarantees the indebtedness or other commercial transactions of such an institution, could cause further market-wide liquidity problems which may adversely affect financial institutions such as Macquarie Bank.

#### ***Legal, regulatory, compliance and documentation risk***

Some of the Group's businesses are highly regulated, including regulation relating to prudential and liquidity requirements. Failure to comply with legal and regulatory requirements, including tax laws and regulations, or government policies, may have an adverse effect on the Group and its reputation among customers and regulators in the market.

The Group could also be adversely affected by future changes in legal, regulatory and compliance requirements (including requirements relating to licensing and the management of conflicts of interest). In particular, any change in regulation of the Group to increase the requirements for capital adequacy or liquidity, or a change in accounting standards, could have an adverse effect on the Group's businesses.

A number of regulatory changes have been implemented or proposed in various jurisdictions as a result of the global economic crisis, which may affect certain business activities of the Group. It is not possible to predict what further future regulatory or related changes may result from the global economic crisis or the effect any such changes would have on the Group and its businesses.

The Group is also exposed to the risk of inappropriate documentation of contractual relationships.

#### ***New business, acquisitions and future growth risk***

A feature of the operating strategy of Macquarie is growth and diversification. A number of the Group's and the Macquarie Group's recent acquisitions and planned business initiatives and expansions of existing businesses into new jurisdictions may bring the Group into contact, directly or indirectly, with individuals and entities that are new clients, with new asset classes and other new products or new markets. These business activities expose the Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties and investors, along with these activities being exposed to the range of risks described in this Base Prospectus.

With respect to acquisitions, the Group may become subject to unknown liabilities of an acquired business, may not achieve expected synergies, cost savings or may otherwise incur losses. The Group may lose market share or customers, or may face disruptions to operations and the Group's management time may be diverted to facilitate the integration of acquired businesses.

### ***Market risk***

Market risk is the exposure to adverse changes in the value of the Group's trading portfolios as a result of changes in market prices or volatility, including risks arising from foreign exchange rates, interest rates, equities, commodities, derivatives (which are subject to settlement and other risks) and the correlation of market prices and rates within and across markets.

Since 2008 global equity and debt markets have experienced some difficult conditions. These challenging market conditions have resulted in periods of reduced liquidity, extreme volatility and declining asset prices, as well as greater counterparty credit risk, widening of credit spreads and lack of price transparency in credit and other markets.

Market conditions also led to the failure of a number of financial institutions and the intervention of government authorities and central banks around the world. Notwithstanding some improvement in global economic conditions, conditions remain difficult and there is no assurance that market conditions will continue to improve. If the economic climate worsens in the future, the Issuer's financial performance, business or strategy may be adversely affected.

The Issuer and its subsidiaries rely on debt markets for funding their businesses. Further instability in these markets may affect their ability to access funding, particularly the ability to issue long-term debt securities, to replace maturing liabilities in a timely manner and to access the funding necessary to grow their businesses. In addition, an increase in credit spreads may increase the cost of funding. Further, volatile and deteriorating markets may reduce activity and the flow of transactions, which may adversely impact the Issuer's financial performance. Other risks associated with funding are over reliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources.

In poor market conditions, the Issuer and its subsidiaries may be required to hold investment assets for longer, or sell these assets at a lower price than historically expected and this may impact the rate of return on these assets and require funding for longer periods than anticipated. This may include situations where potential buyers of the investment assets are unable to obtain financing to purchase assets that the Issuer and its subsidiaries currently hold or purchase.

Any decline in global asset markets, including equity, property, and other asset markets, or in market liquidity, could adversely impact the Issuer's results of operations and financial condition. In addition, a decline in asset prices could negatively impact the fees received from funds management.

Furthermore, declining asset prices could adversely impact customers and the security held against loans, which may impact the Issuer's results of operations due to default. These risks may impact the value of financial instruments and other financial assets that are carried at fair market value.

Capital market volatility may require the Issuer and its subsidiaries to make writedowns of their funds management assets and other investments and loan impairment provisions. This would impact the Issuer's financial performance.

### ***Credit ratings risk***

The Group is assigned credit ratings by various rating agencies based on an evaluation of a number of factors, including the Group's ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, diverse funding sources and disciplined liquidity monitoring procedures. If one or more of these credit ratings were downgraded this could have the effect of increasing the cost of funds raised by the Group from financial markets, reducing the Group's ability to access certain capital markets,



triggering the Group's obligations under certain of its contracts, and/or adversely impacting the willingness of counterparties to deal with the Group. A rating downgrade could be driven by the occurrence of one or more of the risk factors described in this Base Prospectus or by other events.

### ***Competition risk***

The Group faces significant competition from local and international competitors, which compete vigorously for participation in the various markets and sectors across which the Group operates. In particular, the Group competes, both in Australia and internationally, with asset managers, retail and commercial banks, investment banking firms, and other investment and service firms. Any trend toward consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. The effect of competitive market conditions may adversely impact the earnings and assets of the Group.

### ***Interest rate risk***

Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the Group.

### ***Exchange rate risk***

The Group's financial statements are presented in Australian dollars. However a portion of the Group's operating income is derived from offshore business activities, which are conducted in a broad range of currencies. Further, where the Group conducts business activities offshore, capital and funding are generally deployed locally and thus the Group's capital is held and funding is sourced in a broad range of currencies. As such, changes in currency exchange rates may adversely impact the Group's financial results and operations, and capital and funding position.

### ***Credit risk***

The Group is exposed to the risk of financial loss as a result of failure by a client or other counterparty to meet its contractual obligations. The Group assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy its financial obligations to the Group on a timely basis. The resultant credit exposure will depend on a number of factors, including declines in the financial condition of the counterparty, the value of property the Group holds as collateral and the market value of the counterparty instruments and obligations the Group holds.

### ***Operational risk***

The daily operations of the Group may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks including business decisions, technology risk (including failure of Macquarie's business systems or those of its counterparties and service providers), fraud, compliance with legal and regulatory obligations, counterparty performance, business continuity planning, legal and litigation risk, environmental obligations, data integrity and processing risk, managing conflicts of interests and key person risk.

The availability of adequate insurance cover is important in order to mitigate the risks across the Group's business activities.

While the Group has adopted policies and procedures to control exposure to, and limit the extent of, these risks, there are inherent limitations in any risk management control system and control breakdowns and system failures can occur.

### ***Staff recruitment and retention***

The Group is reliant on the ability to hire and retain appropriately qualified staff. In order to do this, the Group must compensate employees at or above market levels. Current or future laws or regulatory or public scrutiny may restrict the Group's ability to move its staff from one jurisdiction to another or change the way the Group remunerates its employees. If the Group is unable to continue to attract and retain qualified employees, its performance, including its competitive position, could be materially adversely affected.

### ***Reputational risk***

The Group is substantially dependent on its brand and reputation. If the Group suffers damage to its reputation, including damage to the brands used by the Group or the Macquarie Group and the funds they manage, for instance, as a result of a conflict of interest, this could reduce business volume as clients might be reluctant to do business with the Group due to their negative perceptions. This would adversely impact the Group's earnings.

### ***Tax risk***

Future tax developments or changes to tax laws may also have a material adverse effect on the Group. The Group operates in a range of jurisdictions with different tax regimes which are subject to change. The Group's after tax earnings may be impacted by changes to the tax treatment of Macquarie Bank or any of its controlled entities.

### ***Poor performance of funds***

The Group's financial condition and results of operation are directly and indirectly affected by the results of the funds or the assets it and other members of the Macquarie Group manage, particularly the Group's and the Macquarie Group's managed funds. As such, poor performance of funds may cause a decline in the Group's revenue and results of operations, may adversely affect the Group's ability to raise capital for future funds and may also affect the Group's brand and reputation.

### ***Other risks***

The Group's profitability is also subject to a number of other risks including political risk, risks from external events, strategic risks (including acquisitions and internal restructures), litigation and any associated contingent liabilities.

## **(b) Risks relating to Warrants generally**

### ***Australian insolvency laws***

In the event that Macquarie Bank becomes insolvent, insolvency proceedings will be governed by Australian law. Australian insolvency laws are different from the insolvency laws in other jurisdictions. In particular, the voluntary administration procedure under the Corporations Act, which provides for the potential re-organisation of an insolvent company, differs significantly from similar provisions under the insolvency laws of other jurisdictions. If Macquarie Bank becomes insolvent, the treatment and ranking of holders of Warrants and Macquarie Bank's shareholders under Australian law may be different from the treatment and ranking of holders of Warrants and Macquarie Bank's shareholders if Macquarie Bank were subject to the bankruptcy laws or the insolvency laws of other jurisdictions.

***No third party guarantees for the issue of Warrants***

Investors should be aware that no guarantee is given in relation to the Warrants by the shareholders of Macquarie Bank or any other person.

The Warrants are not guaranteed by the Commonwealth of Australia.

***Warrants may not be a suitable investment for all investors***

Investors should have (either alone or with the help of a financial adviser) sufficient knowledge and experience in financial and business matters to meaningfully evaluate the merits and risks of investing in a particular issue of Warrants and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement or Final Terms as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their particular circumstances.

***Risks relating to particular Warrants and the market generally***

The Warrants involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise that their Warrants, other than any Warrants having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Warrants, except, if so indicated in the Final Terms, to the extent of any minimum expiration value attributable to such Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See “Certain Factors Affecting the Value and Trading Price of Warrants” below.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms. Assuming all other factors are held constant, the more a Warrant is “out-of-the-money” and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market. See “Possible Illiquidity of the Warrants in the Secondary Market” below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Warrants. Fluctuations in the price of the relevant equity security or value of the basket of equity securities will affect the value of Share Warrants. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Warrants. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Warrants. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Warrants. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

Macquarie Bank may issue several issues of Warrants relating to various reference securities, indices, currencies, commodities or other bases which may be specified in the applicable Final Terms. However, no assurance can be given that Macquarie Bank will issue any Warrants other than the Warrants to which a particular Final Terms relates. At any given time, the number of Warrants outstanding may be substantial. Warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with the Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. The price of a Warrant from time to time will generally be affected by the market price of the underlying security (or securities in the case of a basket of securities), index (or indices in the case of a basket of indices), currency (or currencies in the case of a basket of currencies) or commodity (or commodities in the case of a basket of commodities) to which the relevant warrant relates more than any other single factor. Other factors that may be relevant in determining the price of a warrant include:

- the expected price volatility of the relevant underlying security (or securities), index (or indices), currency (or currencies) or commodity (or commodities);
- the expected dividends or yield (if any) on the relevant underlying security (or securities), index (or indices), currency (or currencies) or commodity (or commodities);
- interest rates; and
- time remaining to maturity of the Warrant.

In addition, certain issues of Warrants may not be an appropriate investment for investors who are inexperienced with respect to:

- the applicable interest rate indices, currencies, other indices or formulas, or redemption or other rights or options; or
- investments where the amount of principal and/or interest payable (if any) is based on the price, value, performance or some other factor and/or the creditworthiness of one or more entities.

#### ***Certain Factors Affecting the Value and Trading Price of Warrants***

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price ("**Physical Settlement Value**") (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrant holders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the reference security (or

basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms, (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms and (viii) any related transaction costs.

### ***Limitations on Exercise***

If so indicated in the Final Terms, Macquarie Bank will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and Macquarie Bank elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of Macquarie Bank or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

### ***Minimum Exercise Amount***

If so indicated in the Final Terms, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

### ***Certain Considerations Regarding Hedging***

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in a reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference which may be specified in the applicable Final Terms, should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index or basket.

### ***Effect of Credit Rating Reduction***

The value of the Warrants is expected to be affected, in part, by investors' general appraisal of Macquarie Bank's creditworthiness. Such perceptions are generally influenced by the ratings accorded to Macquarie Bank's outstanding securities by rating services such as Moody's Investors Service Limited, Standard & Poor's Ratings Services and Fitch Ratings Ltd. A reduction in the rating, if any, accorded to outstanding debt securities of Macquarie Bank, by any such rating agency could result in a reduction in the trading value of the Warrants.

### ***Time Lag after Exercise***

Unless otherwise specified in the Final Terms, in the case of any exercise of Warrants, there will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

### ***Certain Additional Risk Factors Associated with Currency Warrants***

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Warrants. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Currency Warrants into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or basket of currencies), regardless of other market forces. Purchasers of Currency Warrants risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

If additional warrants or options relating to particular non-U.S. currencies or particular currency indices are subsequently issued, the supply of warrants and options relating to such non-U.S. currencies or currency indices, as applicable, in the market will increase, which could cause the price at which the Warrants and such other warrants and options trade in the secondary market to decline significantly.

### ***Possible Illiquidity of the Warrants in the Secondary Market***

It is not possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid. Macquarie Bank may, but is not obliged to, list Warrants on a stock exchange. Also, to the extent Warrants of a particular issue are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

Macquarie Bank may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold

or surrendered for cancellation. Macquarie Bank may, but is not obliged to, be a market-maker for an issue of Warrants. Even if Macquarie Bank is a market-maker for an issue of Warrants, the secondary market for such Warrants may be limited. In addition, affiliates of Macquarie Bank may purchase Warrants at the time of their initial distribution and from time to time thereafter. To the extent that an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants to realise value.

### ***Exercise Procedure and Exercise Notice***

Warrantheolders who wish to exercise their Warrants should ensure they follow the proper exercise procedures. If the Warrants are not properly exercised they will lapse.

### ***Potential Adjustment Events***

In relation to Share Warrants, certain corporate events may occur which result in an adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any other Terms and Conditions of the Warrants and/or the applicable Final Terms. Such corporate events include reconstructions of capital, cash returns of capital, bonus issues, rights issues and extraordinary dividends. Macquarie Bank will notify the Warrantheolders of any such adjustment.

### ***Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency in relation to a Share***

In relation to Share Warrants, the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency (each as defined in Condition 15(B)(2)(b) of the Terms and Conditions of the Warrants) in relation to a Share may result in an adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any other Terms and Conditions of the Warrants and/or the applicable Final Terms or the cancellation of the relevant Warrants. Macquarie Bank will notify the Warrantheolders of the occurrence of any such event and the action to be taken in relation to such event.

### ***Exercise of Discretion by Macquarie Bank***

Warrantheolders should note that some provisions of the Terms and Conditions of the Warrants confer discretion on Macquarie Bank. The manner of exercise or non-exercise of these discretions could adversely affect the value of the Warrants.

### ***Potential Conflicts of Interest***

Macquarie Bank and its affiliates may also engage in trading activities (including hedging activities) related to the interest underlying any Warrants and other instruments or derivative products based on or related to the interest underlying any Warrants for their proprietary accounts or for other accounts under their management. Macquarie Bank and its affiliates may also issue other derivative instruments in respect of the interest underlying Warrants. Macquarie Bank and its affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Warrants or may act as financial adviser to certain Companies or Basket Companies or in a commercial banking capacity for certain Companies or Basket Companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Warrants.

### ***Legal considerations***

Legal considerations may restrict certain investments. The investment activities of certain investors are or may be subject to legal investment laws and regulations, or review or regulation

by certain authorities. Each potential investor should consult their legal advisers to determine whether and to what extent (i) Warrants are legal investments for it and (ii) other restrictions apply to its purchase of any Warrants.

The Terms and Conditions of the Warrants are based on the relevant law in effect as at the date of the issue of the relevant Warrants. No assurance can be given as to the impact of any possible change to law or administrative practice after the date of issue of the relevant Warrants.

Further, changes in governmental policy and regulation may also have an impact on Macquarie Bank. In addition to changes in laws and regulations, the policies and practices of government regulators may change and political and diplomatic developments may have an unexpected or adverse impact on market conditions generally or specifically affect the activities, business or practices of Macquarie Bank or the Terms and Conditions of the Warrants.



## General Description of the Programme

---

*This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. It should be read, in relation to any Warrants, in conjunction with the Final Terms and, to the extent applicable, the Terms and Conditions. This overview is qualified in its entirety by the remainder of this Base Prospectus and any decision to invest in the Warrants should be based on a consideration of this Base Prospectus as a whole, including without limitation, the "Risk Factors" on pages 12 to 23 inclusive of this Base Prospectus and the documents incorporated herein by reference into this Base Prospectus (see "Documents Incorporated by Reference" on pages 27 to 29 inclusive of this Base Prospectus). Words or expressions defined or used in the Terms and Conditions shall, unless the contrary intention appears, have the same meaning in this overview.*

Issuer:	<p>Macquarie Bank Limited (ABN 46 008 583 542), a corporation constituted with limited liability under the laws of the Commonwealth of Australia and authorised to carry on banking business in the Commonwealth of Australia and the United Kingdom.</p> <p>Macquarie Bank is a global provider of banking, financial, advisory, investment and funds management services. Macquarie Bank is a client driven business which generates income by providing a diversified range of services to clients. Macquarie Bank acts on behalf of institutional, corporate and retail clients and counterparties around the world.</p> <p>Macquarie Bank may offer Warrants acting through its head office in Sydney or one or more of its branches outside Australia as specified in the applicable Final Terms (if any) or (in other cases) as agreed with the relevant Manager.</p> <p>Macquarie Bank has a right of substitution as set out in Condition 13 ("Substitution of the Issuer") on pages 50 and 51 of this Base Prospectus.</p>
Description:	Warrant Programme.
Managers:	Macquarie Bank may from time to time appoint one or more Managers in respect of an issue of Warrants.
Agents:	<p>Deutsche Bank AG, London Branch has been appointed as principal warrant agent and Deutsche Bank Luxembourg S.A. has been appointed as Luxembourg warrant agent and Luxembourg listing agent for all Warrants listed on the Luxembourg Stock Exchange. Macquarie Bank Limited has been appointed as calculation agent.</p> <p>No trustee or other organisation has been appointed to represent investors in Warrants issued under the Programme.</p>
Programme:	A programme allowing for the issuance of Warrants of any kind including, but not limited to, Warrants relating to a specified

index or a basket of indices, a specified share or a basket of shares, a specified debt instrument or a basket of debt instruments, a specified currency or a basket of currencies or a specified commodity or a basket of commodities (subject to applicable legal and regulatory restrictions) as specified in the applicable Final Terms.

The applicable Final Terms will also specify whether Warrants are American-style Warrants or European-style Warrants or another type of Warrant, whether settlement shall be by way of cash payment or physical delivery, whether the Warrants are call Warrants or put Warrants or another type of Warrant and whether Warrants shall only be exercisable in units and whether averaging will apply.

Distribution:	Warrants may be distributed on a syndicated or non-syndicated basis.
Programme Term:	The Programme will not have a fixed maturity date.
Method of Issue:	Macquarie Bank may from time to time issue Warrants in one or more Series.
Issue Price:	Warrants may be issued at an issue price which is at par or at a discount to, or premium over, par, and on a fully or partly paid basis and will be specified in the relevant Final Terms (if any) or (in other cases) as agreed between Macquarie Bank and the relevant Manager(s).
Final Terms:	Each Final Terms will provide particular information relating to a particular issue of Warrants.
Form of Warrants:	Warrants will be issued in uncertificated registered form. Each issue of Warrants will be constituted and represented by a Global Warrant executed as a deed poll in favour of the holders of those Warrants from time to time and which will be issued and deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear on the date of issue of the relevant Warrants. Definitive Warrants will not be issued. Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Warrant Agents as the holder of such amount of Warrants for all purposes.
Use of Proceeds:	Proceeds realised from the issuance of Warrants will be used by Macquarie Bank for the Group's general corporate purposes.

Settlement Currencies:	The settlement currency will be set out in the applicable Final Terms.
Status of the Warrants:	<p>Warrants will be direct and unsecured obligations of Macquarie Bank.</p> <p>Warrants will rank <i>pari passu</i> without any preference among themselves. Claims against Macquarie Bank in respect of the Warrants will rank at least equally with the claims of other unsecured and unsubordinated creditors of Macquarie Bank (except creditors mandatorily preferred by law).</p>
Governing Law:	The Warrants will be governed by English law.
Listing and admission to trading:	<p>Warrants issued under the Programme may be listed on the Luxembourg Stock Exchange or such other stock exchange specified in the applicable Final Terms or unlisted.</p> <p>Application has been made for Warrants to be issued by Macquarie Bank under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the official list and traded on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.</p>
Selling and transfer Restrictions:	<p>The offering, sale, delivery and transfer of Warrants and the distribution of this Base Prospectus and other material in relation to any Warrants are subject to restrictions as may apply in any country in connection with the offering and sale of a particular Tranche of Warrants including, in particular, restrictions in Australia, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, the People's Republic of China, Malaysia, Mexico and Taiwan. See "Offering and Sale" on pages 87 to 98 inclusive of this Base Prospectus.</p> <p>In addition, the Warrants may be subject to certain restrictions on resales and transfers set out in the section entitled "Important Notice" on pages 3 to 8 inclusive of this Base Prospectus.</p>

## Documents Incorporated by Reference

---

The documents described below shall be incorporated in and form part of this Base Prospectus, save that any statement contained in any document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Any document incorporated by reference in any of the documents described below does not form part of this Base Prospectus.

### Macquarie Bank Annual Reports

The 2010 Annual Report and 2011 Annual Report of Macquarie Bank, which include the audited Annual Financial Report of Macquarie Bank consolidated with its subsidiaries for the financial years ended 31 March 2010 and 2011, and the auditor's report in respect of the Financial Report, shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

The Financial Report of Macquarie Bank consolidated with its subsidiaries for the financial years ended 31 March 2010 and 2011 includes Income Statements, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, Notes to the Financial Statements and the Directors' Declaration. The Financial Report and Independent Audit Report can be located in the 2011 Annual Report (and in the case of the financial year ended 31 March 2010, also in the 2010 Annual Report) on the following pages:

	2011 Annual Report	2010 Annual Report
Income Statements	52	56
Statements of Comprehensive Income	53	57
Statements of Financial Position	54-55	58-59
Statements of Changes in Equity	56-57	60-61
Statements of Cash Flows	58-59	62-63
Notes to the Financial Statements	60-165	64-160
Directors' Declaration	166	161
Independent Audit Report	167-168	162-163

See "Selected Financial Information" on pages 78 to 86 inclusive of this Base Prospectus for further information on the audited annual financial statements of Macquarie Bank consolidated with its subsidiaries.

### Interim Directors' Report and Financial Report for the half-year ended 30 September 2011

The Interim Directors' Report and Financial Report of Macquarie Bank, which includes the unaudited financial statements of Macquarie Bank consolidated with its subsidiaries for the half years ended 30 September 2010, 31 March 2011 and 30 September 2011 and the independent auditor's review report in respect of such financial statements, shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

The unaudited financial statements of Macquarie Bank consolidated with its subsidiaries for the half years ended 30 September 2010, 31 March 2011 and 30 September 2011 includes the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Notes to the Consolidated Financial Statements, Directors' Declaration and the Independent Auditor's Review Report. These can be located in the 2012 Interim Directors' Report and Financial Report on the following pages:

<b>2012 Interim Directors' Report and Financial Report</b>	
Consolidated Income Statement <i>(Income Statement)</i>	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position <i>(Balance Sheet)</i>	6-7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows <i>(Cash Flow Statement)</i>	9-10
Notes to the Consolidated Financial Statements	11-32
Directors' Declaration	33
Independent Auditor's Review Report	34

\* \* \* \* \*

Any information not listed in the tables above but included in the documents incorporated by reference is given for information purposes only.

Macquarie Bank will provide, without charge, upon the written request of any person, a copy of any or all of the documents which, or portions of which, are incorporated in this Base Prospectus by reference. Written requests for such documents should be directed to Macquarie Bank at its office set out at the end of this Base Prospectus. In addition, such documents will be available for inspection and available free of charge at the offices of the Warrant Agents (save that a Final Terms relating to an unlisted Warrant will only be provided to a holder of such Warrant and such holder must produce evidence satisfactory to the relevant Warrant Agent as to the identity of such holder). Requests for such documents should be directed to the specified office of the Principal Warrant Agent in London or the Warrant Agent in Luxembourg.

Documents incorporated in this Base Prospectus by reference are also published on the Luxembourg Stock Exchange's internet site [www.bourse.lu](http://www.bourse.lu) and available on Macquarie Bank's internet site [www.macquarie.com.au](http://www.macquarie.com.au).

All information which Macquarie Bank has published or made available to the public in compliance with its obligations under the laws of the Commonwealth of Australia dealing with the regulation of securities, issuers of securities and securities markets has been released to the Australian Securities Exchange operated by ASX Limited ("**ASX**") in compliance with the

continuous disclosure requirements of the ASX Listing Rules. Announcements made by Macquarie Bank under such rules are available on ASX's internet site [www.asx.com.au](http://www.asx.com.au) (Macquarie Bank's ASX code is "MBL").

Internet site addresses in this Base Prospectus are included for reference only and the contents of any such internet sites are not incorporated by reference into, and do not form part of, this Base Prospectus.

## Terms and Conditions of the Warrants

---

*The following is the text of the Terms and Conditions of the Warrants which (subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms) will be attached to each Global Warrant (as defined below).*

*The applicable Final Terms may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Warrants. The applicable Final Terms (or the relevant provisions thereof) will be attached to each Global Warrant.*

The Warrants of this series (such Warrants being hereinafter referred to as the “**Warrants**”) are constituted by a global warrant (“**Global Warrant**”) and are issued pursuant to an amended and restated Master Warrant Agreement dated 20 October 2006 (“**Warrant Agreement**”) between Macquarie Bank Limited as issuer (“**Issuer**”), Deutsche Bank AG, London Branch as principal warrant agent (“**Principal Warrant Agent**”), which expression shall include any successor principal warrant agent) and Deutsche Bank Luxembourg, S.A. as warrant agent (“**Warrant Agent**” and, together with the Principal Warrant Agent, the “**Warrant Agents**”, which expression shall include any additional or successor warrant agents). The Issuer shall undertake the duties of calculation agent (“**Calculation Agent**”) in respect of the Warrants as set out below and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Warrants, include such other specified calculation agent.

No Warrants in definitive form will be issued. The Global Warrant has been deposited with a depository (“**Common Depository**”) common to Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”).

**The applicable Final Terms for the Warrants is attached to the Global Warrant and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Warrants.** References herein to the “applicable Final Terms” are to the Final Term or Final Terms (in the case of any further warrants issued pursuant to Condition 12 and forming a single series with the Warrants) attached to the Global Warrant.

Copies of the Warrant Agreement (which contains the form of the Final Terms) and the applicable Final Terms may be obtained during normal office hours from the specified office of each Warrant Agent, save that if the Warrants are unlisted, the applicable Final Terms will only be obtainable by a Warrantholder and such Warrantholder must produce evidence satisfactory to the relevant Warrant Agent as to identity.

Words and expressions defined in the Warrant Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Warrantholders (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Warrant Agreement (insofar as they relate to the Warrants) and the applicable Final Terms, which are binding on them.

## 1. Type, Title and Transfer

### (A) *Type*

The Warrants are Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants or any other or further type of warrants as is specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Warrants, Share Warrants, Debt Warrants, Currency Warrants or Commodity Warrants are set out in Condition 15.

The applicable Final Terms will indicate whether the Warrants are American style Warrants ("**American Style Warrants**") or European style Warrants ("**European Style Warrants**") or such other type as may be specified in the applicable Final Terms, whether settlement shall be by way of cash payment ("**Cash Settled Warrants**") or physical delivery ("**Physical Delivery Warrants**"), whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**"), or such other type as may be specified in the applicable Final Terms, whether the Warrants may only be exercised in Units and whether Averaging ("**Averaging**") will apply to the Warrants. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice (referred to in Condition 5(A)) which purports to exercise Warrants in breach of this provision shall be void and of no effect. If Averaging is specified as applying in the applicable Final Terms the applicable Final Terms will state the relevant Averaging Dates and, in the case of a Market Disruption Event (as defined in Condition 15) occurring on an Averaging Date, whether Omission, Postponement or Modified Postponement (referred to in Condition 3 below) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of such Warrant and where settlement is to be by way of cash payment, and references in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Warrant and where settlement is to be by way of physical delivery.

Warrants may allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Warrants where the holder has elected for cash payment will be Cash Settled Warrants and those Warrants where the holder has elected for physical delivery will be Physical Delivery Warrants. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Final Terms.

### (B) *Title to Warrants*

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Warrant Agents as the holder of such amount of Warrants



for all purposes (and the expressions “**Warrantholder**” and “**holder of Warrants**” and related expressions shall be construed accordingly).

(C) *Transfers of Warrants*

All transactions (including transfers of Warrants) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 5.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and notified to the Warrantholders in accordance with Condition 10.

## 2. Status of the Warrants

The Warrants are direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. Claims against the Issuer rank at least equally with the claims of its unsecured and unsubordinated creditors (except creditors mandatorily preferred by law).

## 3. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

“**Actual Exercise Date**” means the Exercise Date (in the case of European Style Warrants) or, subject to Condition 6(A)(ii), the date during the Exercise Period on which the Warrant is actually or is deemed exercised (in the case of American Style Warrants (as more fully set out in Condition 4(A)(i)));

“**Averaging Date**” means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Trading Day, the immediately following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event (as set out in Condition 15) has occurred on that day. If there is a Market Disruption Event on that day, then:

- (a) if “**Omission**” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Settlement Price provided that, if through the operation of this provision there would not be an Averaging Date in respect of such Actual Exercise Date, then the provisions of the definition of “**Valuation Date**” will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred; or
- (b) if “**Postponement**” is specified as applying in the applicable Final Terms, then the provisions of the definition of “**Valuation Date**” will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred irrespective of whether, pursuant to such determination, that deferred

Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

- (c) if **“Modified Postponement”** is specified as applying in the applicable Final Terms:
- (i) where the Warrants are Index Warrants relating to a single Index or Share Warrants relating to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to such Actual Exercise Date, then (A) that eighth Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
  - (ii) where the Warrants are Index Warrants relating to a Basket of Indices or Share Warrants relating to a Basket of Shares, the Averaging Date for each Index or Share not affected by a Market Disruption Event shall be the originally designated Averaging Date (**“Scheduled Averaging Date”**) and the Averaging Date for an Index or Share affected by a Market Disruption Event shall be the first succeeding Valid Date (as defined below) in relation to such Index or Share. If the first succeeding Valid Date in relation to such Index or Share has not occurred as of the Valuation Time on the eighth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to such Actual Exercise Date, then (A) that eighth Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Trading Day is already an Averaging Date) in relation to such Index or Share, and (B) the Calculation Agent shall determine the relevant level or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below; and
  - (iii) where the Warrants are Debt Warrants, Currency Warrants or Commodity Warrants, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms,

for the purposes of these Terms and Conditions “Valid Date” means a Trading Day on which there is no Market Disruption Event and on which another Averaging Date in relation to the Actual Exercise Date does not or is not deemed to occur;

**“Business Day”** means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business and (ii) for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System (TARGET2) is open;

**“Cash Settlement Amount”** means, in relation to Cash Settled Warrants, the amount to which the Warrantholder is entitled in the Settlement Currency in relation to each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, as determined by the Calculation Agent pursuant to Condition 4;

**“Entitlement”** means, in relation to a Physical Delivery Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, the quantity of the Relevant Asset or the Relevant Assets (as specified in the applicable Final Terms), as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in respect of each such Warrant or Unit, as the case may be, following payment of the Exercise Price (and any other sums payable) rounded down as provided in Condition 4(C)(i), as determined by the Calculation Agent including any documents evidencing such Entitlement;

**“Exchange(s)”** means:

- (a) in respect of an Index relating to Index Warrants, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange);
- (b) in respect of a Share relating to Share Warrants, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange); and
- (c) in respect of a Commodity relating to Commodity Warrants, the exchange or principal trading market specified in the applicable Final Terms;

**“Price Source”** means, in respect of a Commodity relating to Commodity Warrants, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the applicable Final Terms;

**“Settlement Business Date”** means, in relation to Physical Delivery Warrants, the date as defined in the applicable Final Terms;

**“Settlement Date”** means:

- (a) in relation to Cash Settled Warrants:

in relation to each Actual Exercise Date, (i) where Averaging is not specified in the applicable Final Terms, the third Business Day following the Valuation Date provided that if the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a Basket of Debt Securities, Currency Warrants relating to a Basket of Currencies or Commodity Warrants relating to a Basket of Commodities and a Market Disruption Event (as set out in Condition 15) has resulted in a Valuation Date for

one or more Indices, Shares, Debt Securities, Currencies or Commodities, as the case may be, being adjusted as set out in the definition of “Valuation Date” below, the Settlement Date shall be the third Business Day next following the last occurring Valuation Date in relation to any Index, Share, Debt Security, Currency or Commodity, as the case may be, or (ii) where Averaging is specified in the applicable Final Terms, the third Business Day following the last occurring Averaging Date provided that where the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a basket of Debt Securities, Currency Warrants relating to a Basket of Currencies or Commodity Warrants relating to a Basket of Commodities and a Market Disruption Event (as set out in Condition 15) has resulted in an Averaging Date for one or more Indices, Shares, Debt Securities, Currencies or Commodities, as the case may be, being adjusted as set out in the definition of “Averaging Date” above, the Settlement Date shall be the third Business Day next following the last occurring Averaging Date in relation to any Index, Share, Debt Security, Currencies or Commodity, as the case may be, or such other date as is specified in the applicable Supplement; and

(b) in relation to Physical Delivery Warrants:

the date specified as such in the applicable Final Terms;

“**Settlement Price**” means, in relation to each Cash Settled Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be:

(a) in respect of Index Warrants, subject to Condition 15(A) and as referred to in “Valuation Date” below or “Averaging Date” above, as the case may be:

(i) in the case of Index Warrants relating to a Basket of Indices, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the sum of the values calculated for each Index as the official closing level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction, multiplied by the relevant Multiplier; and

(ii) in the case of Index Warrants relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing value of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction;

(b) in respect of Share Warrants, subject to Condition 15(B) and as referred to in “Valuation Date” below or “Averaging Date” above, as the case may be:

- (i) in the case of Share Warrants relating to a Basket of Shares, an amount equal to the sum of the values calculated for each Share as the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 15(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date (or if in the opinion of the Calculation Agent, any such closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and no Market Disruption Event has occurred and is continuing, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent; and
- (ii) in the case of Share Warrants relating to a single Share, an amount equal to the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 15(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, no such closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) can be determined and no Market Disruption Event has occurred and is continuing, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected

by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;

(c) in respect of Debt Warrants, subject as referred to in “Valuation Date” below or “Averaging Date” above:

(i) in the case of Debt Warrants relating to a Basket of Debt Securities, an amount equal to the sum of the values calculated for each Debt Security as the bid price for such Debt Security as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of such Debt Security, multiplied by the relevant Multiplier;

(ii) in the case of Debt Warrants relating to a single Debt Security, an amount equal to the bid price for the Debt Security as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of the Debt Security;

(d) in respect of Currency Warrants:

(i) in the case of Currency Warrants relating to a Basket of Subject Currencies, an amount equal to the sum of the values calculated for each Subject Currency as the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date or such Averaging Date, as the

case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Multiplier; and

- (ii) in the case of Currency Warrants relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent); and

- (e) in respect of Commodity Warrants, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms.

**“Trading Day”** means any day that is (or, but for the occurrence of a Market Disruption Event (as set out in Condition 15), would have been) a trading day of the Exchange(s) other than a day on which trading on any such Exchange is scheduled to close prior to its regular weekday closing time;

**“Valuation Date”** means the first Trading Day following the Actual Exercise Date of the relevant Warrant unless, in the opinion of the Calculation Agent, a Market Disruption Event (as set out in Condition 15) has occurred on that day. If there is a Market Disruption Event on that day, then:

- (a) where the Warrants are Index Warrants relating to a single Index, Share Warrants relating to a single Share, Debt Warrants relating to a single Debt Security or Commodity Warrants relating to a single Commodity, the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the eight Trading Days immediately following the original date that (but for the Market Disruption Event) would have been the Valuation Date. In that case, (i) the eighth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price:
  - (x) in the case of Index Warrants, by determining the level of the Index as of the Valuation Time on that eighth Trading Day in accordance with (subject to Condition 15(A)(2)) the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation

Time on that eighth Trading Day of each security/commodity comprised in the Index; or

- (y) in the case of Share Warrants, Debt Warrants or Commodity Warrants, in accordance with its good faith estimate of the Settlement Price that would have prevailed but for the Market Disruption Event as of the Valuation Time on that eighth Trading Day; or
- (b) where the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a Basket of Debt Securities or Commodity Warrants relating to a Basket of Commodities, the Valuation Date for each Index, Share, Debt Security or Commodity, as the case may be, not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Index, Share, Debt Security or Commodity, as the case may be, affected (each an "Affected Item") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to the Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the eight Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case, (i) the eighth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, in the case of an Index, the level of that Index determined in the manner set out in the applicable Final Terms, and, in the case of a Share, Debt Security or Commodity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:
  - (x) in the case of an Index, the level of that Index as of the Valuation Time on that eighth Trading Day determined by reference to the formula for and method of calculating that Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or, if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Trading Day of each security/commodity comprised in that Index; or
  - (y) in the case of a Share, Debt Security or Commodity, its good faith estimate of the price for the Affected Item that would have prevailed but for the Market Disruption Event as of the Valuation Time on that eighth Trading Day,

and otherwise in accordance with the above provisions; and

**"Valuation Time"** means the Relevant Time specified in the applicable Final Terms or, in the case of Index Warrants or Share Warrants, if no Relevant Time is specified, the close of trading on the Exchange.



#### 4. Exercise Rights

##### (A) Exercise Period

###### (i) American Style Warrants

American Style Warrants are exercisable on any Business Day during the Exercise Period.

Any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Business Day of the Exercise Period ("**Expiration Date**"), shall become void.

The Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent, is referred to herein as the "**Actual Exercise Date**". If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall become void.

###### (ii) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date.

Any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Actual Exercise Date, shall become void.

##### (B) Cash Settlement

If the Warrants are Cash Settled Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

- (i) where Averaging is not specified in the applicable Final Terms:
  - (a) if such Warrants are Call Warrants,
    - (x) in the case of Debt Warrants only, (Settlement Price - Exercise Price) multiplied by the Nominal Amount; or
    - (y) in all other cases, Settlement Price - Exercise Price;
  - (b) if such Warrants are Put Warrants,
    - (x) in the case of Debt Warrants only, (Exercise Price - Settlement Price) multiplied by the Nominal Amount; or

- (y) in all other cases, Settlement Price - Exercise Price; and
  - (c) if such Warrants are not Call Warrants nor Put Warrants, settlement will be as specified in the applicable Final Terms; and
- (ii) where Averaging is specified in the applicable Final Terms:
- (a) if such Warrants are Call Warrants,
    - (x) in the case of Debt Warrants only, (the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price) multiplied by the Nominal Amount; or
    - (y) in all other cases, the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price;
  - (b) if such Warrants are Put Warrants,
    - (x) in the case of Debt Warrants only, (Exercise Price - the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, the Nominal Amount; or
    - (y) in all other cases, the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price; and
  - (c) if such Warrants are not Call Warrants nor Put Warrants, settlement will be as specified in the applicable Final Terms.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or Units, as the case may be.

If, in the opinion of the Calculation Agent, it is not possible for the Issuer to procure payment through Clearstream, Luxembourg or Euroclear (as the case may be) electronically by crediting the Warrantholder's account at Clearstream, Luxembourg or Euroclear (as specified in the relevant Exercise Notice pursuant to Condition 5(A)(1)(iv)) on the original Settlement Date, the Issuer shall use all its reasonable endeavours to procure payment through Clearstream, Luxembourg or Euroclear (as the case may be) electronically by crediting the Warrantholder's account as soon as reasonably practically after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

For the purposes hereof “**Settlement Disruption Event**” means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot procure payment through Clearstream, Luxembourg or Euroclear (as the case may be).

(C) *Physical Settlement*

(i) Exercise Rights in relation to Physical Delivery Warrants

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Warrants or Units, as the case may be, exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be PROVIDED THAT the aggregate Entitlements in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following exercise of a Share Warrant which is a Physical Delivery Warrant, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 5(A)(2)(vi).

(ii) Settlement Disruption

If, following the exercise of Physical Delivery Warrants, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement. For so long as delivery of the Entitlement is not practicable by

reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by payment to the relevant Warrantholder of the Disruption Cash Settlement Price (as defined below) on the third Business Day following the date that notice of such election is given to the Warranholders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Warranholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Warranholders in accordance with Condition 10 that a Settlement Disruption Event has occurred. No Warrantholder shall be entitled to any payment in respect of the relevant Warrant or Unit, as the case may be, in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**“Disruption Cash Settlement Price”** in respect of any relevant Warrant or Unit, as the case may be, shall be the fair market value of such Warrant or Unit, as the case may be (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion); and

**“Settlement Disruption Event”** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

*(D) Issuer’s Option to Vary Settlement*

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of the Warrants, upon a valid exercise of Warrants in accordance with these Terms and Conditions, the Issuer may at its sole and unfettered discretion in respect of each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, elect not to pay the relevant Warranholders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Warranholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warranholders, as the case may be. Notification of such election will be given to Warranholders no later than 10.00 a.m. (London time) on the second Business Day following the Actual Exercise Date.

*(E) General*

None of the Issuer, the Calculation Agent and the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Warrants does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to “Luxembourg or Brussels time” shall, where Warrants are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

## 5. Exercise Procedure

### (A) *Exercise Notice*

Warrants may only be exercised by the delivery, or the sending by tested telex (confirmed in writing), of a duly completed exercise notice (an “**Exercise Notice**”) in the form set out in the Warrant Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 4 and this Condition.

- (1) In the case of Cash Settled Warrants, the Exercise Notice shall:
  - (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
  - (ii) specify the number of the Warrantholder’s account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;
  - (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder’s account with the Warrants being exercised;
  - (iv) specify the number of the Warrantholder’s account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, being exercised;
  - (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants (“**Exercise Expenses**”) and an authority to Clearstream, Luxembourg or Euroclear to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
  - (vi) certify that each Warrant is not being exercised by or on behalf of a U.S. person (as defined in the Exercise Notice) and that such Warrant is not beneficially owned by a U.S. person, unless the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; and
  - (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

- (2) In the case of Physical Delivery Warrants, the Exercise Notice shall:
- (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
  - (ii) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;
  - (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's account with the Warrants being exercised;
  - (iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the Actual Exercise Date a specified account of the Warrantholder with Clearstream, Luxembourg and Euroclear, as the case may be, with the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be, (together with any other amounts payable);
  - (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Warrants and/or the delivery or transfer of the Entitlement pursuant to the terms of such Warrants ("**Exercise Expenses**") and an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
  - (vi) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Warrantholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;
  - (vii) in the case of Currency Warrants only, specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the amount due upon exercise of the Warrants;
  - (viii) certify that each Warrant is not being exercised by or on behalf of a U.S. person (as defined in the Exercise Notice) and that such Warrant is not beneficially owned by a U.S. person, unless the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of

the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; and

- (ix) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

- (3) If Condition 4(D) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours.

*(B) Verification of the Warrantholder*

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Warrants is the holder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Warrant Agent the series number and number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each Warrant or Unit, as the case may be, being exercised. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Warrantholder with the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Common Depositary will, on the instructions of, and on behalf of, the Principal Warrant Agent, note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

*(C) Settlement*

- (i) Cash Settled Warrants

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be, to the Warrantholder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Exercise Expenses.

- (ii) Physical Delivery Warrants

Subject to payment of the aggregate Exercise Prices and payment of any Exercise Expenses with regard to the relevant Warrants or Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant or Unit, as the case may be, pursuant to the details specified in the Exercise Notice. Subject as provided in Condition 4(Q), the Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

*(D) Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on

the Issuer, the Warrant Agents and the relevant Warrantholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Warrant Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in paragraph (A) above, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and the Principal Warrant Agent.

**Any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 4(A)(i), in the case of American Style Warrants, or Condition 4(A)(ii), in the case of European Style Warrants, shall become void.**

Clearstream, Luxembourg or Euroclear, as the case may be, shall use its best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Warrant Agents, Clearstream, Luxembourg or Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

*(E) Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Warrantholder may not transfer such Warrants.

*(F) Exercise Risk*

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer and the Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer and the Warrant Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg or Euroclear in relation to the performance of its duties in relation to the Warrants.

**6. Minimum and Maximum Number of Warrants Exercisable**

*(A) American Style Warrants*

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.



- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the “Quota”), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

*(B) European Style Warrants*

This paragraph *(B)* applies only to European Style Warrants.

The number of Warrants exercisable by any Warrantholder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

**7. Illegality**

If the Issuer determines that the performance of its obligations under the Warrants has become illegal in whole or in part for any reason, the Issuer may cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Warrants then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder, which amount shall be the fair market value of a Warrant or Unit, as the case may be, notwithstanding such illegality less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid by or on behalf of the Warrantholder, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10.

**8. Purchases**

The Issuer may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## 9. Agents, Determinations and Modifications

### (A) *Warrant Agents*

The specified offices of the Warrant Agents are as set out at the end of these Terms and Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Warrant Agent and to appoint further or additional Warrant Agents, provided that no termination of appointment of the Principal Warrant Agent shall become effective until a replacement Principal Warrant Agent shall have been appointed and provided that, so long as any of the Warrants are listed on a stock exchange, there shall be a Warrant Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Warrant Agent will be given to Warrantheolders in accordance with Condition 10. In acting under the Warrant Agreement, each Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantheolders and any determinations and calculations made in respect of the Warrants by any Warrant Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantheolders.

### (B) *Calculation Agent*

In relation to each issue of Warrants, the Calculation Agent (whether it be the Issuer or another entity) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantheolders. All calculations and determinations made in respect of the Warrants by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantheolders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

### (C) *Determinations by the Issuer*

Any determination made by the Issuer pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantheolders.

### (D) *Modifications*

The Issuer may modify these Terms and Conditions and/or the Warrant Agreement without the consent of the Warrantheolders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Warrantheolders or such modification is of a formal, minor or technical nature or to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Warrantheolders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## 10. Notices

All notices to Warrantheolders shall be valid if delivered (i) to Clearstream, Luxembourg and Euroclear for communication by them to the Warrantheolders and (ii) if and so long

as the Warrants are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange. If the Warrants are listed on the Luxembourg Stock Exchange, notices may be published on the Luxembourg Stock Exchange's internet site [www.bourse.lu](http://www.bourse.lu) and so long as publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, notices shall be published in the *d'Luxemburger Wort*. Any such notice shall be deemed to have been given on the second Business Day following such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

## 11. Expenses and Taxation

- (A) A holder of Warrants must pay all Exercise Expenses relating to such Warrants as provided above.
- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

## 12. Further Issues

The Issuer shall be at liberty from time to time without the consent of Warrantheolders to create and issue further Warrants so as to be consolidated with and form a single series with the outstanding Warrants.

## 13. Substitution of the Issuer

The Issuer, or any previous substituted company may, at any time, without the consent of the Warrantheolders, substitute for itself as principal obligor under the Warrants any company ("**Substitute**"), being the Issuer or any other company, subject to:

- (a) the Issuer unconditionally and irrevocably guaranteeing in favour of each Warrantheolder the performance of all obligations by the Substitute under the Warrants;
- (b) all actions, conditions and things required to be taken, fulfilled and done to ensure that the Warrants represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
- (c) the Substitute shall have become party to the Warrant Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (d) each stock exchange on which the Warrants are listed shall have confirmed that, following the proposed substitution of the Substitute, the Warrants will continue to be listed on such stock exchange;
- (e) if appropriate, the Substitute shall have appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Warrants; and
- (f) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Warrantheolders in accordance with Condition 10.

#### 14. Governing Law and Jurisdiction

- (A) The Warrants, the Global Warrant and the Warrant Agreement are governed by and shall be construed in accordance with English law.
- (B) The Issuer agrees, for the exclusive benefit of the Warrantholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants, the Global Warrant and the Warrant Agreement and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Warrants, the Global Warrant and the Warrant Agreement may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (C) The Issuer hereby appoints Macquarie Bank Limited, London Branch whose registered office is currently at Level 30 City Point, 1 Ropemaker Street, London EC2Y 9HD as its agent in England to receive service of process in any Proceedings in England based on the Warrants and the Global Warrant. If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer agrees to appoint a substitute process agent and to notify the Warrantholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

#### 15. Terms for Index Warrants, Share Warrants, Debt Warrants, Currency Warrants and Commodity Warrants

(A) *Index Warrants*

(1) **Market Disruption**

For the purposes hereof:

“**Market Disruption Event**” shall mean, in relation to Warrants relating to a single Index or Basket of Indices, in respect of an Index, the occurrence or existence on any Trading Day during the one-half hour period that ends at the relevant Valuation Time of:

- (i) any suspension of or limitation imposed on trading by the Exchange(s) or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchanges or otherwise (a) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (b) in futures or options contracts relating to the relevant Index on the Exchange(s);
- (ii) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on the relevant Exchange(s); or

- (iii) the closure on any Trading Day of the relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index prior to its scheduled closing time unless such earlier closing time is announced by such Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) on such Trading Day and (ii) the submission deadline for orders to be entered in to the Exchange(s) system for execution at the Valuation Time on such Trading Day,

if, in the determination of the Calculation Agent, in any such case such suspension or limitation is material.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index at any time, if trading in a security/commodity included in that Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security/commodity to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security/commodity relative to (ii) the overall level of that Index, in each case immediately before that suspension or limitation.

The Calculation Agent shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 10 that a Market Disruption Event has occurred.

## (2) **Adjustments to an Index**

### (a) **Successor Sponsor Calculates and Reports an Index**

If a relevant Index is (i) not calculated and announced by the agreed sponsor ("**Sponsor**") but is calculated and announced by a successor to the Sponsor ("**Successor Sponsor**") acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index ("**Successor Index**") will be deemed to be the Index.

### (b) **Modification and Cessation of Calculation of an Index**

If (i) on or prior to a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor makes a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock, capitalisation, contracts or commodities and other routine events) or permanently cancels the Index and no Successor Index exists, or (ii) on a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor fails to calculate and announce a relevant Index, then the Calculation Agent shall determine the Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities/commodities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange(s)).

## (c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Warrant Agent of any determination made by it pursuant to paragraph (b) above and the Principal Warrant Agent shall make available for inspection during normal office hours by Warrantholders copies of any such determinations.

(B) *Share Warrants*

For the purposes of this Condition 15(B):

**“Basket Company”** means a company whose shares are included in the Basket of Shares and **“Basket Companies”** means all such companies;

**“Shares”** and **“Share”** mean, subject to adjustment in accordance with this Condition 15(B), the shares or a share of the relevant Basket Company and, in the case of an issue of Warrants relating to a single Share, such share and related expressions shall be construed accordingly; and

**“Share Company”** means, in the case of an issue of Warrants relating to a single share, the company that has issued such share.

(1) **Market Disruption**

For the purposes hereof:

**“Market Disruption Event”** shall mean, in relation to Warrants relating to a single Share or a Basket of Shares, in respect of a Share, the occurrence or existence on any Trading Day during the one-half hour period that ends at the relevant Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in:

- (i) any suspension of or limitation imposed on trading by the Exchange(s) or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange(s) or otherwise (a) relating to the Share on the Exchange, or (b) in futures or options contracts relating to the Share on the Exchange(s);
- (ii) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Shares on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on the relevant Exchange(s); or
- (iii) the closure on any Trading Day of the Share on the relevant Exchange(s) prior to its scheduled closing time unless such earlier closing time is announced by such Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) on such Trading Day and (ii) the submission deadline for orders to be entered in to the Exchange(s) system for execution at the Valuation Time on such Trading Day,

if in the determination of the Calculation Agent, in any such case such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

(2) **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

(a) For the purposes hereof:

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

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Basket Company or Share Company, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise

Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and the date from which such adjustment is effective and giving brief details of the Potential Adjustment Event.

(b) For the purposes hereof:

**“De-listing”** means, in respect of any relevant Shares, that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of such Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Basket Company or Share Company, as the case may be, or its subsidiaries



with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (“**Reverse Merger**”), in each case if the Merger Date is on or before, in the case of Physical Delivery Warrants, the relevant Actual Exercise Date or, in any other case, the final Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Warrant.

“**Nationalisation**” means that all the Shares or all the assets or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange;
- (ii) cancel the Warrants by giving notice to Warranholders in accordance with Condition 10. If the Warrants are so cancelled the Issuer will pay an amount to each Warranholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant or a Unit, as the case may be, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warranholders in accordance with Condition 10; or

(iii) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (“**Options Exchange**”), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

(c) Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto and the date from which the adjustment is effective.

*(C) Debt Warrants*

Market Disruption

For the purposes hereof:

“**Market Disruption Event**” shall mean the suspension of or limitation imposed on trading either on any exchange on which the Debt Securities or any of them (in the case of a Basket of Debt Securities) are traded or on any exchange on which options contracts or futures contracts with respect to the Debt Securities or any of them (in the case of a Basket of Debt Securities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

*(D) Currency Warrants*

Market Disruption

For the purposes hereof:

“**Market Disruption Event**” shall mean any circumstances beyond control of the Calculation Agent in which the Settlement Price or the Exchange Rate cannot be determined by the Calculation Agent in such manner as the Calculation Agent considers appropriate at such time after taking into account of all the relevant circumstances.

The Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 10 that a Market Disruption Event has occurred.

(E) *Commodity Warrants*

Market Disruption

For the purposes hereof:

**“Market Disruption Event”** shall mean:

- (i) the suspension of or limitation imposed on trading on either any Exchange(s) on which the Commodity or any of the Commodities (in the case of a Basket of Commodities) are traded or on any exchange on which options contracts or futures contracts with respect to the Commodity or any of the Commodities (in the case of a Basket of Commodities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material;
- (ii) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) or the temporary or permanent discontinuance or unavailability of the Price Source;
- (iii) the failure of trading to commence, or the permanent discontinuation of trading, in the options contracts or futures contracts with respect to the Commodity or any of the Commodities (in the case of a Basket of Commodities) on any exchange or principal trading market as specified in the applicable Final Terms;
- (iv) the occurrence since the Issue Date of a material change in the formula for or the method of calculating the Specified Price for the Commodity or any of the Commodities (in the case of a Basket of Commodities);
- (v) the occurrence since the Issue Date of a material change in the content, composition or constitution of the Commodity or any of the Commodities (in the case of a Basket of Commodities);
- (vi) the imposition of, change in or removal of an exercise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity or any of the Commodities (in the case of a Basket of Commodities) (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Settlement Price on the day that would otherwise be a Valuation Date from what it would have been without that imposition, change or removal; or
- (vii) any circumstances beyond control of the Calculation Agent in which the Specified Price, the Settlement Price or the Exchange Rate cannot be determined by the Calculation Agent in such manner as the Calculation Agent considers appropriate at such time after taking into account of all the relevant circumstances.

The Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 10 that a Market Disruption Event has occurred.

## 16. Adjustments for European Monetary Union

The Issuer may, without the consent of the Warrantholders, on giving notice to the Warrantholders in accordance with Condition 10:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Warrants shall be redenominated in euro.

The election will have effect as follows:

- (A) where the Settlement Currency of the Warrants is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Warrants will be made solely in euro as though references in the Warrants to the Settlement Currency were to euro;
  - (B) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (“**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and
  - (C) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price and/or any other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Warrant Agents shall be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Warrantholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**“Established Rate”** means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to first sentence of Article 109 7(4) of the Treaty;

**“euro”** means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

**“National Currency Unit”** means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

**“Treaty”** means the treaty establishing the European Community, as amended.

**17. Contracts (Rights of Third Parties) Act 1999**

The Warrants do not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 (**“Act”**) to enforce any term of the Warrants but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

## Form of Final Terms

---

*The Final Terms relating to each issue of Warrants may contain (without limitation) such of the following information as is applicable in respect of such Warrants (all references to numbered Conditions being to the terms and conditions of the relevant Warrants and words and expressions defined in such terms and conditions shall bear the same meaning in the applicable Final Terms):*

This Final Terms is supplemental to and should be read in conjunction with the Base Prospectus dated [] (“**Base Prospectus**”) relating to the Warrant Programme of Macquarie Bank Limited (ABN 46 008 583 542) [and the supplement[s] to the Base Prospectus dated [*insert date*] [and [*insert date*] ([together] “**Supplement[s] to the Base Prospectus**”)] which [together] constitute[s] a Base Prospectus for the purposes of Article 5.4 of Directive (2003/71/EC). Copies of the Base Prospectus[, the Supplement[s] to the Base Prospectus] and the Final Terms issued for each issue of Warrants to be listed on the Luxembourg Stock Exchange will be published on the Luxembourg Stock Exchange’s internet site [www.bourse.lu](http://www.bourse.lu) and available free of charge at the specified offices of the Warrant Agents in London and Luxembourg.

[*Date*]

1. (a) the series number of the Warrants; and  
 (b) whether or not the Warrants are to be consolidated and form a single series with the Warrants of an existing series;
2. the type of Warrant which may be Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants or any other type of Warrant;
3. whether the Warrants are American Style Warrants, European Style Warrants or other;
4. whether the Warrants are Call Warrants or Put Warrants or any other type of Warrant;
5. whether Averaging applies to the Warrants and if so the relevant Averaging Dates and whether in the event of a Market Disruption Event (as defined in Condition 15) occurring on an Averaging Date whether Omission, Postponement or Modified Postponement (each as defined in Condition 3) will apply (in the case of Debt Warrants, Currency Warrants or Commodity Warrants, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms);
6. the number of Warrants being issued (*in the case of an “up to” issue state the maximum number that can be issued and notify Common Depositary and, if warrants are listed, the relevant stock exchange, the number of Warrants issued on the Issue Date*);
7. whether, in addition to any requirements relating to “Minimum Exercise Number” or “Maximum Exercise Number” as set out below, Warrants must be exercised in units (“**Units**”) and the number of Warrants constituting a Unit;
8. the issue price per [Warrant / Unit];
9. the exercise price (“**Exercise Price**”) per [Warrant / Unit] (which may be subject to adjustment in accordance with Condition 15(B) in the case of Share Warrants) (*N.B. this should take into account any relevant Multiplier and, in the case of an Index Warrant, must be expressed as a monetary value*);

10. (i) in the case of Cash Settled Warrants: the settlement date (“**Settlement Date**”) for the Warrants (if different from the definition in Condition 3); and  
(ii) in the case of Physical Delivery Warrants:
  - (a) the Settlement Date; and
  - (b) the definition of “Settlement Business Day” for the purposes of Condition 3 and 4(C)(ii);
11. the issue date of the Warrants;
12. the exercise date (“**Exercise Date**”) for the Warrants (in the case of European Style Warrants) provided that, if such date is not a Business Day, the Exercise Date shall be the immediately [preceding / succeeding] Business Day;
13. the exercise period (“**Exercise Period**”) in respect of the Warrants (in the case of American Style Warrants);
14. the applicable definition of Trading Day (if different from that in Condition 3 or if the Warrants are neither Index Warrants nor Share Warrants);
15. the applicable Business Day Centre(s) for the purposes of the definition of “Business Day” in Condition 3;
16. whether settlement will be by way of cash payment (“**Cash Settled Warrants**”) and/or physical delivery (“**Physical Delivery Warrants**”);
17. whether Macquarie Bank has the option to vary settlement in respect of the Warrants;
18. the applicable rate of exchange (“**Exchange Rate**”) for conversion of any amount into the relevant settlement currency for the purposes of determining the Settlement Price (as defined in Condition 3) or the Cash Settlement Amount (as defined in Condition 3) and details of how and when such rate is to be ascertained;
19. the settlement currency (“**Settlement Currency**”) for the payment of the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Disruption Cash Settlement Price (in the case of Physical Delivery Warrants);
20. in the case of Cash Settled Warrants relating to a Basket, the multiplier (“**Multiplier**”, each such Multiplier shall be subject to adjustment in accordance with Condition 15(B) in the case of Share Warrants or as otherwise provided in the Final Terms) to be applied to each item comprising the Basket in order to ascertain the Settlement Price;
21. in the case of Cash Settled Warrants relating to Debt Securities, the nominal amount (“**Nominal Amount**”) which is to be used to determine the Cash Settlement Amount pursuant to Condition 4 and details of the relevant screen page (“**Relevant Screen Page**”);
22. details of the relevant asset (“**Relevant Asset**”) or assets (“**Relevant Assets**”) to which the Warrants relate and of the Entitlement (as defined in Condition 3) (in the case of Physical Delivery Warrants);
23. the method of delivery of the Entitlement (in the case of Physical Delivery Warrants);

24. details of how the Entitlement will be evidenced (in the case of Physical Delivery Warrants);
25. details of the Calculation Agent (if any) if not Macquarie Bank;
26. the minimum number of Warrants ("**Minimum Exercise Number**") and any integral multiple of Warrants in excess thereof that must be exercised on any day by any Warrantholder;
27. the maximum number of Warrants ("**Maximum Exercise Number**") that can be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) (*N.B. not applicable for European Style Warrants*);
28. whether the Warrants are to be listed on the official list of the Luxembourg Stock Exchange or any other stock exchange or whether the Warrants are to be unlisted;
29. for the purposes of Condition 15(A) (terms for Index Warrants):
  - (a) details of the relevant Exchange(s) ("**Exchange(s)**"); and
  - (b) details of the relevant Sponsor;
30. for the purposes of Condition 3 and Condition 15(B) (terms for Share Warrants), details of the relevant Exchange(s) ("**Exchange(s)**");
31. for the purposes of Condition 3 and Condition 15(E) (terms for Commodity Warrants):
  - (a) details of the relevant Exchange(s) ("**Exchanges**");
  - (b) details of the relevant Price Source(s) ("**Price Sources**"); and
  - (c) the provisions for the calculation of the Settlement Price (including the Specified Price);
32. provisions for calculating the Settlement Price when a Market Disruption Event (if applicable and as defined in Condition 15) occurs on the Valuation Date (as defined in Condition 3) or an Averaging Date (as defined in Condition 3), as the case may be;
33. in relation to Debt Warrants, provisions dealing with the situation where one or more of the relevant Debt Securities is redeemed (or otherwise ceases to exist) before the expiration of the relevant Warrants;
34. details of the relevant time ("**Relevant Time**") being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price (*N.B. for Index Warrants and Share Warrants, if no Relevant Time is specified, the Settlement Price will be determined by reference to the relevant closing value or closing price(s), as the case may be*);
35. in relation to Currency Warrants, details of the Relevant Screen Page, the relevant base currency ("**Base Currency**") and the relevant subject currency or currencies (each a "**Subject Currency**");
36. any other special conditions and any modification to the Terms and Conditions of the Warrants;



37. details of any additional selling restrictions;
38. the method of distribution of the Warrants (syndicated or non-syndicated) including, if syndicated, the names of the Managers;
39. details of any clearing system other than Clearstream, Luxembourg and Euroclear and details of the appropriate clearing code/number;
40. the relevant ISIN;
41. the relevant Common Code; and
42. a statement setting out the responsibility of Macquarie Bank for the accurate reproduction of the information relating to the underlying asset, index (or indices) and other item(s) to which the Warrants relate, which information is contained in the Final Terms;

The statement should be in the following form:

“Macquarie Bank accepts responsibility for the information contained in these Final Terms. To the best of Macquarie Bank’s knowledge, the information contained in the Base Prospectus, as amended and/or supplemented by these Final Terms in relation to the Warrants, is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

The information included in the Annex (“[●] Information”) consists of extracts from or summaries of information that is publicly available in respect of [●] and is not necessarily the latest information available. Macquarie Bank accepts responsibility for accurately extracting and summarising the [●] Information. No further or other responsibility (express or implied) in respect of the [●] Information is accepted by Macquarie Bank.”

In addition, the following will be included in an annex to the Final Terms:

1. for the purpose of describing the underlying asset, index (indices) or other item(s) to which the Warrants relate:
  - (a) details of the “Basket of Shares” (including, but not limited to, the number and type of each Share comprising the Basket) and of the Basket Companies or the single Share and Macquarie Bank of the Share;
  - (b) details of the “Basket of Debt Securities” or the single “Debt Security”;
  - (c) details of the “Basket of Indices” or the single “Index”;
  - (d) details of the “Basket of Subject Currencies” or the single “Subject Currency”;
  - (e) details of the “Basket of Commodities” or the single “Commodity”; and
  - (f) details of any combination of the above, or other,

which, in particular, includes a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying asset, index (indices) or other item(s) to which the Warrants relate especially under the circumstances when the risks are most evident and need to include details of where past and future performance and volatility of the underlying can be obtained. Where the

underlying is a security, need to include the name of the issuer of the security and the ISIN (International Security Identification Number) or other such security identification code). Where the underlying is a [index/basket of indices] need to include the name of the [index/indices] and a description of the [index/indices] if composed by the Issuer. If the [index/indices] [is/are] not composed by the Issuer need to include details of where the information about [the/each] index can be obtained. Where the underlying is an interest rate, a description of the interest rate. Where the underlying is a basket of indices, need to include disclosure of the relative weightings of each index in the basket. Where the underlying does not fall within the categories specified above, need to include equivalent information;

2. further details of the underlying asset, index (or indices) or other item(s) to which the Warrants relate which are required to comply with the regulations of the stock exchange(s) on which the Warrants are to be listed (if any) including (i) a description of any market disruption or settlement disruption events that affect the underlying and (ii) any adjustment rules with relation to events concerning the underlying (in each case to the extent not otherwise set out elsewhere in these Final Terms); and
3. [where the issue is an offer to the public and Annex XII of the Regulation (EC) 809/2004 applies, include the following information (to the extent not otherwise set out elsewhere in these Final Terms):
  - (a) conditions to which the offer is subject;
  - (b) total amount of the issue/offer and if the amount is not fixed, a description of the arrangements and time for announcing to the public the amount of the offer;
  - (c) the time period, including any possible amendments, during which the offer will be open and a description of the application process;
  - (d) details of the minimum and/or maximum amount of the application (whether in numbers of securities or aggregate amount to invest);
  - (e) method and time limits for paying up the securities and delivery of the securities;
  - (f) a full description of the manner and date in which results of the offer are to be made public;
  - (g) the various categories of potential investors to which securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche;
  - (h) process for notification to applicants of the amount allotted and an indication whether dealing may begin before notification is made;
  - (i) indication of the expected price at which the securities will be offered or the method of determining the price and the process of its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser;
  - (j) the name and address of the co-ordinator(s) of the global offer and of the single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place;

- (k) name and address of any paying agents and depository agents in each country;
- (l) entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Where not all of the issue is underwritten, a statement of the portion not covered;
- (m) when the underwriting agreement has been or will be reached;
- (n) name and address of a calculation agent;
- (o) interests of natural and legal persons involved in the [issue / offer]. *[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: "Save as discussed in ["Offering and Sale" on pages [●] to [●] inclusive of the Base Prospectus dated [●] [and on pages [●] to [●] of the supplement to the Base Prospectus dated [●]], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."]; and*
- (p) reasons for the offer, estimated net proceeds and total expenses as follows:
  - (i) reasons for the offer: *[Specify] (See "Use of Proceeds" wording in Base Prospectus) [if reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here];*
  - (ii) estimated net proceeds: *[Specify] [if proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding]; and*
  - (iii) estimated total expenses: *[Specify and include breakdown of expenses] (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)<sup>+</sup>].*

## LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Warrant Programme of Macquarie Bank Limited.

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of Macquarie Bank’s knowledge, the information contained in these Final Terms is in accordance with the facts and these Final Terms make no omission likely to affect its import.

---

<sup>+</sup> Required for derivative securities to which Annex XII to the Base Prospectus Directive Regulation applies.

# Macquarie Bank Limited

---

## Information about Macquarie Bank Limited

Macquarie Bank Limited (ABN 46 008 583 542) is headquartered in Sydney, Australia and directly and through its subsidiaries, engages in Australian and international financial services businesses.

Macquarie Bank is a corporation constituted with limited liability under the laws of the Commonwealth of Australia regulated by the APRA as an ADI in Australia and by the Financial Services Authority in the United Kingdom as to banking business with Professional and Eligible Counterparties. Macquarie Bank complies with all applicable corporate governance requirements under Australian law.

MBL began in 1969 as the merchant bank Hill Samuel Australia Limited, a wholly owned subsidiary of Hill Samuel & Co Limited, London. Authority for MBL to conduct banking business in Australia was received from the Australian Federal Treasurer on 28 February 1985.

MBL's ordinary shares were listed on the Australian Securities Exchange operated by ASX Limited ("ASX") on 29 July 1996 until the corporate restructuring of the Macquarie Group in November 2007. As part of the restructure, MBL became an indirect subsidiary of Macquarie Group Limited (ABN 94 122 169 279) ("**MGL**"), a new ASX listed company comprising a 'Banking Group' and a 'Non-Banking Group'. MBL comprises the "Banking Group" activities of MGL. MBL's ultimate parent entity is MGL and MBL's immediate parent entity is Macquarie B.H. Pty Ltd (ABN 86 124 071 432). Both MGL and Macquarie B.H. Pty Ltd are incorporated in Australia.

Although MBL's ordinary shares are no longer listed on ASX, MBL's Macquarie Income Securities continue to be listed on ASX and accordingly, MBL remains subject to the disclosure and other requirements of ASX as they apply to ASX Debt Listings.

At 30 September 2011, MBL employed 5,959 people and had total assets of AUD158.5 billion, a Tier 1 regulatory capital adequacy ratio of 12.1%, a total regulatory capital adequacy ratio of 15.2% and total equity of AUD9.4 billion. For the half year ending 30 September 2011, MBL's total operating income was AUD2.1 billion and profit attributable to ordinary equity holders of MBL was AUD209 million.

As at 30 September 2011, MBL conducted its operations directly and indirectly through over 740 subsidiaries organised in over 28 countries.

MBL's registered office is Level 3, 25 National Circuit, Forrest, Australian Capital Territory, 2603, Australia. Its principal place of business is No.1 Martin Place, Sydney, New South Wales 2000, Australia. The telephone number of its principal place of business is +61 2 8232 3333.

## Organisational Structure

As at the date of this Base Prospectus, Macquarie Bank has five operating groups and one division.

Operating Groups:

- Fixed Income, Currencies and Commodities;
- Macquarie Securities (excluding the Cash Division)

- Banking and Financial Services;
- Macquarie Funds (excluding the Macquarie Infrastructure and Real Assets Division); and
- Corporate and Asset Finance

Division:

- Real Estate Banking

MBL is supported by a number of specialised areas of MGL. These shared services are provided under outsourcing arrangements with Macquarie Group Services Australia Pty Limited, a subsidiary of MGL, pursuant to service agreements and include:

- risk management
- finance
- information technology
- group treasury
- settlement services
- equity markets operations
- human resources services
- business services
- company secretarial and investor relations services
- media relations and corporate communications
- taxation services
- business improvement and strategy services
- central executive services, other group-wide services,
- business shared services; and
- other services as may be agreed upon from time to time.

## **Business Group Overview**

### **Fixed Income, Currencies and Commodities (formerly Treasury and Commodities Group)**

Fixed Income, Currencies and Commodities provides a variety of trading, research, sales and financing services across the globe with an underlying specialisation in interest rate, commodity or foreign exchange related institutional trading, marketing, lending, clearing or platform provision.

### **Banking and Financial Services Group**

Banking and Financial Services is the primary relationship manager for Macquarie Bank's retail client base. The group brings together Macquarie Bank's retail banking and financial services businesses providing a diverse range of wealth management products and services to financial advisers, stockbrokers, mortgage brokers, professional services industries and the end consumer.

### **Macquarie Funds (excluding the Infrastructure and Real Assets division)**

Macquarie Funds is Macquarie Bank's funds management business. Macquarie Funds is a full-service asset manager, offering a diverse range of capabilities and products including securities investment management, and fund and equity based structured products.

Macquarie Infrastructure and Real Assets division of Macquarie Funds forms part of the Non-Banking Group, and manages a range of direct asset funds including infrastructure and real estate funds.

### **Macquarie Securities (excluding the Cash division)**

Macquarie Securities activities include institutional and retail derivatives, structured equity finance, arbitrage trading, synthetic products, capital management, collateral management and securities borrowing and lending. The Cash division of Macquarie Securities forms part of the Non-Banking Group and operates as a full-service global institutional cash equities broker in Australia, Asia, South Africa and Canada, and offers specialised service in other regions. The Cash division also provides Equity Capital Markets through a joint venture with Macquarie Capital.

### **Corporate and Asset Finance**

Corporate and Asset Finance (CAF) provides lending, leasing and asset management solutions.

### **Real Estate Banking Division**

The Real Estate Banking Division's activities include real estate investment, development management and asset management.

### **Principal Markets**

Macquarie Bank is a global provider of banking, financial, advisory, investment and funds management services, headquartered in Sydney, Australia.

Macquarie Bank acts on behalf of institutional, corporate and retail clients and counterparties around the world.

### **Trend Information**

There has been no material adverse change in the prospects of Macquarie Bank since the date of its last published audited financial statements (such date being 31 March 2011).

Except as may be described in this Base Prospectus (including as set out under "Risk Factors" on pages 12 to 23 inclusive of this Base Prospectus) or released to the ASX in compliance with the continuous disclosure requirements of the Listing Rules of the ASX, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Macquarie Bank's prospects for at least the current financial year.

## **Profit Estimate**

Macquarie Bank does not make profit forecasts or estimates.

## **Major Shareholders**

As at the date of this Base Prospectus, Macquarie B.H. Pty Limited is the sole voting member of Macquarie Bank. Macquarie B.H. Pty Limited is wholly-owned by MGL. As of 30 September 2011, Macquarie Bank had 501,561,948 ordinary shares on issue.

## **Preference Shares**

As at the date of this Base Prospectus, Macquarie Bank also has on issue 4,000,000 non-cumulative preference shares, issued in connection with the MIS and fully-paid to A\$400,000,000 and £42,500,000 unpaid non-cumulative redeemable preference shares, issued in connection with Macquarie Bank's Macquarie Income Preferred Securities.

## **Lawsuits and Contingent liabilities**

Macquarie Bank is a subsidiary of MGL. MGL and its controlled entities ("**Macquarie Group**") is a large diversified Australian-based financial institution with a long and successful history. Like any financial institution, Macquarie Group has been subject to lawsuits most of which have lapsed without further action.

On December 22, 2010, ASIC commenced legal proceedings in the Federal Court of Australia against a number of banking institutions, including MBL. In one set of proceedings, ASIC is seeking compensation for investors arising out of the collapse of Storm Financial Limited ("Storm") for an alleged breach of contract, contravention of the statutory prohibitions against unconscionable conduct and liability as linked credit providers of Storm under section 73 of the Trade Practices Act 1974 of Australia. In another set of proceedings, ASIC alleges that there was an unregistered managed investment scheme in which the relevant banks were involved.

Representative legal action has also been brought through a private law firm in the same court claiming an unregistered managed investment scheme involving Storm on a similar basis as ASIC's action and claiming compensation for those investors. As at the date of this document, the proceedings are progressing through a pre-trial process. MBL denies liability with respect to these claims.

As at the date of this document, the proceedings are progressing through a pre-trial process. MBL denies liability with respect to these claims.

Save as disclosed in the preceding three paragraphs, there are no, nor have there been, any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which MBL or the Macquarie Group is aware) in the 12 month period prior to the date of this document which may have or have had a significant effect on the financial position or profitability of MBL.

## **Material Contracts**

There are no material contracts that are not entered into in the ordinary course of Macquarie Bank's business which could result in Macquarie Bank or any entity within the Group being under an obligation or entitlement that is material to Macquarie Bank's ability to meet its obligations to holders of Warrants in respect of the Warrants.

**Principal investment activity**

Since the date of Macquarie Bank's last published audited financial statements (such date being 31 March 2011), and other than as released to the ASX prior to the date of this Base Prospectus, Macquarie Bank has not made any principal investments that are material to its ability to meet its obligations to Warrantholders in respect of the Warrants.

**Significant change in the Issuer's financial position**

There has been no significant change in the financial or trading position of Macquarie Bank since the half year ended on 30 September 2011, being the date as at which the latest unaudited half-year financial statements of Macquarie Bank consolidated with its subsidiaries were made up.

**Documents on Display**

Copies of the following documents may be inspected on the internet site, [www.macquarie.com.au](http://www.macquarie.com.au):

- constitution of Macquarie Bank;
- the annual and financial reports of Macquarie Bank for each of the two financial years preceding the publication of this Base Prospectus; and
- the 2012 Interim Directors' Report and Financial Report of Macquarie Bank consolidated with its controlled entities for the half year ended 30 September 2011.



## Directors of Macquarie Bank

As at the date of this Base Prospectus the persons named below are Voting Directors of Macquarie Bank under Macquarie Bank's constitution and exercise the powers of directors for the purposes of the Corporations Act. All members of the Board of Voting Directors of Macquarie Bank have the business address of No. 1 Martin Place, Sydney, NSW, 2000.

### **H Kevin McCann, AM**

BA LLB (Hons) (Syd), LLM (Harv), FAICD

*Independent Chairman since March 2011*

*Independent Voting Director - joined the Board in December 1996*

Kevin McCann joined the Board of Macquarie Bank as an Independent Voting Director in December 1996 and became a member of the Board of Macquarie Group Limited in August 2007. He is currently Chairman of Origin Energy Limited, a Director of BlueScope Steel Limited and the United States Studies Centre at the University of Sydney, and a member of the Council of the National Library of Australia, the University of Sydney Senate and the Evans and Partners Advisory Board. He is also NSW President and a board member of the Australian Institute of Company Directors. Mr McCann was a Partner (from 1970 to 2004) and Chairman of Allens Arthur Robinson, a leading firm of Australian lawyers. He practiced as a commercial lawyer specialising in Mergers and Acquisitions, Mineral and Resources Law and Capital Markets Transactions. He was previously Chairman of Triako Resources Limited, Healthscope Limited and ING Management Limited.

### **W Richard Sheppard**

BEC (Hons) (Sydney)

*Managing Director and Chief Executive Officer since November 2007*

*Executive Voting Director - joined the Board in November 2007*

Richard Sheppard joined Macquarie Group's predecessor, Hill Samuel Australia in 1975, initially working in Corporate Finance. He was Head of the Bank's Melbourne Office from 1986 until 1988 and became Head of the Corporate Banking Group in 1988. He has been a member of the Group Executive Committee since 1986 and Deputy Managing Director since 1996. Following the restructure of Macquarie Group in November 2007, he was appointed Managing Director and Chief Executive Officer of Macquarie Bank Limited and Deputy Managing Director of Macquarie Group Limited. He is a past Chairman of several of the Bank's associates including Hills Motorway Trust, Macquarie Airports, Macquarie Private Capital Group, Macquarie CountryWide Management Limited and Macquarie DDR Management Limited and a former Director of Macquarie Office Management Limited. He is currently a member of the Macquarie Board Risk Committee, a member of the Government's Financial Sector Advisory Council and a Director of the Australian Financial Markets Association. He is also a member of a number of other boards including the Bradman Foundation and the Sydney Cricket Club.

### **Nicholas W Moore**

BCom LLB (UNSW), FCA

*Executive Voting Director - joined the Board in May 2008*

Nicholas Moore joined Macquarie's Corporate Services Division in 1986. He led a range of transactions, including Hills Motorway, which led the development of Macquarie's infrastructure business. In 1996, Mr Moore was appointed Head of the Project and Structured Finance Division. In 1998 he was appointed Head of the Asset and Infrastructure Group and then Head of the Investment Banking Group (predecessor to Macquarie Capital) on its inception in 2001. In this role, he oversaw significant growth in Macquarie Capital's net income through the global growth of the advisory, fund management, financing and securities businesses. He was

previously a Director of Macquarie Infrastructure Group, Macquarie Alliance Group and Macquarie Media Group. Currently, he is also Chairman of the Police and Community Youth Clubs NSW Limited, a Director of the Centre for Independence Studies and Chairman of the University of NSW Business School Advisory Council.

**Diane J Grady, AM**

BA (Mills), MA (Chinese Studies), MBA (Harv)

*Independent Voting Director since May 2011*

Diane Grady was appointed to the Boards of Macquarie Bank Limited and Macquarie Group Limited in May 2011. She has been a full time independent director of public companies and not-for-profit boards since 1994. She is currently a Director of Bluescope Steel Limited, a member of the McKinsey Advisory Board, Chair of Ascham School and Chair of the Hunger Project Australia. Previously, she was a Director of Woolworths Limited, Goodman Group, Wattyl Limited, Lend Lease US Office Trust, Lend Lease Limited, MLC and a Trustee of the Sydney Opera House. She was also President of Chief Executive Women and chaired the group's taskforce which published the CEO Kit for Attracting and Retaining Female Talent. Ms Grady was Partner at McKinsey & Company where she spent 15 years consulting to clients in a broad range of industries on strategic and operational issues. She was a worldwide leader of the firm's Organisation and Change Management Practice and the first woman outside of US to be elected to McKinsey's global partnership. In Australia, she headed McKinsey's Consumer Goods, Retailing and Marketing Practice Group. Ms Grady was made a member of the Order of Australia in 2009 for her contribution to business and to the promotion of women leaders and in 2001 received a Centenary Medal for service to Australian society through business leadership.

**Michael J Hawker, AM**

**BSc (Sydney), FAICD, FAIM, SF Fin**

*Independent Voting Director since March 2010*

*Member of the Board Audit Committee*

Michael Hawker was appointed to the Boards of Macquarie Bank Limited and Macquarie Group Limited in March 2010. Mr Hawker was Chief Executive Officer and Managing Director of Insurance Australia Group from 2001 to 2008. From 1995 to 2001, he was with Westpac where his roles included Group Executive of Business and Consumer Banking and General Manager of Financial Markets. Prior to this, he held a number of roles with Citibank, including Deputy Managing Director for Australia and subsequently Executive Director, Head of Derivatives, Europe. Currently, Mr Hawker serves as a Director of Aviva Plc Group, the largest insurance provider in the UK, the Australian Rugby Union, the Sydney University Football Club Foundation and Chairman of the George Institute for Global Health. He is also a member of the Advisory Board to GEMS, a Hong-Kong based private equity firm and a member of the board of trustees of the Giant Steps Foundation and the George Institute for Global Health (UK). He was previously President of the Insurance Council of Australia, Chairman of the Australian Financial Markets Association, board member of the Geneva Association, member of the Financial Sector Advisory Council and is the founder of the Australian Business in the Community Network.

**Peter M Kirby**

BEC (Rhodes), BEc (Hons) (Natal), MA (Manch), MBA (Wits)

*Independent Voting Director - joined the Board in June 2003*

*Member of the Board Audit Committee*

Peter Kirby joined the Board of Macquarie Bank as an Independent Voting Director in June 2003 and became a member of the Board of Macquarie Group Limited in August 2007. Mr Kirby was the Managing Director and Chief Executive Officer of CSR Limited from 1998 to

March 2003. He was a member of the Board of the Business Council of Australia from 2001 to 2003. Mr Kirby received the Centenary Medal in 2003. Prior to joining CSR, he was with the Imperial Chemical Industries PLC group (ICI) for 25 years in a variety of senior management positions around the world, including Chairman/CEO of ICI Paints, responsible for the group's coatings businesses worldwide, and a member of the Executive Board of ICI PLC, with responsibility for ICI Americas and the western hemisphere. He is currently Chairman of DuluxGroup Limited. He is a former Chairman and Director of Medibank Private Limited and a former Director of Orica Limited and the Beacon Foundation.

### **Catherine B Livingstone, AO**

BA (Hons) (Macquarie), HonDBus (Macquarie), HonDSc (Murdoch), FCA, FTSE, FAICD  
*Independent Voting Director - joined the Board in November 2003*  
*Chairman of the Board Audit Committee*

Catherine Livingstone joined the Board of Macquarie Bank as an Independent Voting Director in November 2003 and became a member of the Board of Macquarie Group Limited in August 2007. Ms Livingstone was the Managing Director of Cochlear Limited from 1994 to 2000. Prior to that she was the Chief Executive, Finance at Nucleus Limited and before that held a variety of finance and accounting roles including having been with chartered accountants, Price Waterhouse, for several years. Ms Livingstone was also previously Chairman of CSIRO and a Director of Goodman Fielder and Rural Press Limited. Ms Livingstone was awarded the Centenary Medal in 2003 for service to Australian Society in Business Leadership and was elected a Fellow of the Australian Academy of Technological Sciences and Engineering in 2002. She is currently Chairman of Telstra Corporation Limited, a Director of WorleyParsons Limited and Future Directions International Pty Limited and a member of the New South Wales Innovation Council, the Royal Institution of Australia and the Prime Minister's Business Taskforce for the Queensland Floods.

### **John R Niland, AC**

BCom MCom HonDSc (UNSW), PhD (Illinois), DUniv (SCU), FAICD  
*Independent Voting Director - joined the Board in February 2003*

John Niland joined the Board of Macquarie Bank as an Independent Voting Director in February 2003 and became a member of the Board of Macquarie Group Limited in August 2007. Dr Niland is a Professor Emeritus of the University of New South Wales (UNSW) and was Vice-Chancellor and President of UNSW from 1992 to 2002. Before that he was the Dean of the Faculty of Commerce and Economics. He is currently Chairman of Campus Living Funds Management Limited and Deputy Chairman of the Board of Trustees of Singapore Management University. Dr Niland is a former Chief Executive of the State Pollution Control Commission and Executive Chairman of the Environment Protection Authority. He has served on the Australian Universities Council, the Prime Minister's Science, Engineering and Innovation Council, the boards of the Centennial Park and Moore Park Trust, realestate.com.au Limited, St Vincent's Hospital, the Sydney Symphony Orchestra Foundation, the Sydney Olympic bid's Building Commission and the University Grants Committee of Hong Kong. He is a former President of the National Trust of Australia (NSW).

### **Helen M Nugent, AO**

BA (Hons) (Qld), PhD (Qld), MBA (Harv), HonDBus (Qld)  
*Independent Voting Director - joined the Board in June 1999*

Helen Nugent joined the Board of Macquarie Bank as an Independent Voting Director in June 1999 and became a member of the Board of Macquarie Group Limited in August 2007. Dr Nugent is currently Chairman of Funds SA and a Director of Origin Energy Limited and Freehills.

Previously, she was involved in the financial services sector as Director of Strategy at Westpac Banking Corporation (1994 to 1999) and a Non-Executive Director of the State Bank of New South Wales and Mercantile Mutual. In addition, she was previously Chairman of Hudson (Australia and New Zealand) and Swiss Re Life and Health (Australia) Limited and a Director of UNiTAB, Carter Holt Harvey and Australia Post. She has also been a Partner at McKinsey and Company. She has been actively involved in the arts and education. In the arts, she is a Director of the National Portrait Gallery and was formerly Deputy Chairman of the Australia Council, Chairman of the Major Performing Arts Board of the Australia Council, Chairman of the Ministerial Inquiry into the Major Performing Arts and Deputy Chairman of Opera Australia. In education, she is currently Chancellor of Bond University and was a member of the Bradley Review into Higher Education and Professor in Management and Director of the MBA Program at the Australian Graduate School of Management.

### **Peter H Warne**

BA (Macquarie)

*Independent Voting Director – joined the Board in July 2007*

*Member of the Board Audit Committee*

Peter Warne joined the Board of Macquarie Bank as an Independent Voting Director in July 2007 and became a member of the Board of Macquarie Group Limited in August 2007. Mr Warne was Head of Bankers Trust Australia Limited's (BTAL) Financial Markets Group from 1988 to 1999. Prior to this he held a number of roles at BTAL. He was a Director and Deputy Chairman of the Sydney Futures Exchange (SFE) from 1995 to 1999 and a Director from 2000 to 2006. When the SFE merged with the Australian Securities Exchange (ASX Limited) in 2006 he became a Director of ASX Limited. Currently, Mr Warne is on the boards of other listed entities. He is Chairman of ALE Property Group, Deputy Chairman (currently Acting Chairman) of WHK Group Limited, Deputy Chairman of Capital Markets CRC Limited, a Director of Next Financial Limited and a Director of Securities Research Centre of Asia Pacific Limited. He is also a member of the Advisory Board of the Australian Office of Financial Management. He is a former Director of Macquarie Capital Alliance Group and a former Chairman and Director of TEYS Limited.

### **Board Committees**

The members of the Board Audit Committee (“**BAC**”) are Catherine Livingstone (Chairman), Peter Kirby, Michael Hawker and Peter Warne. The main objective of the BAC is to assist the Board of Voting Directors of MGL and MBL in fulfilling their responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Macquarie Group.

### **Director Duties and Conflict of Interest**

No member of the Macquarie Bank Board has a material conflict of interest between their duties to Macquarie Bank and their personal interests or other duties.

In broad terms, the Directors of Macquarie Bank have duties to Macquarie Bank including to:

- act with care and diligence;
- exercise their powers and discharge their duties in good faith and in the best interests of Macquarie Bank, and for a proper purpose;
- not improperly use their position to gain an advantage for themselves or someone else or to cause detriment to Macquarie Bank; and

- not improperly use information they have obtained as a result of their position to gain an advantage for themselves or someone else or to cause detriment to Macquarie Bank.

In the event that a material conflict of interest between the duties of a Director to Macquarie Bank and their personal interests arises, a Director with a conflict will:

- notify the other Directors of their interest in the matter when the conflict arises (unless a standing notice regarding the material personal interest has already been given to the other Directors); and
- not receive the relevant Board paper nor be present whilst the matter that they have an interest in is being considered at a Directors' meeting and subsequently not vote on the matter unless the Board (excluding the relevant Board member) resolves otherwise.

## Selected Financial Information

### Key financial information

*For the purposes of Item 3.1 of Annex IV under Commission Regulation (EC) No. 809/2004, the information set out in this section extracts key financial figures of Macquarie Bank and is qualified in its entirety by the information included elsewhere in this Base Prospectus (in particular, see the annual reports and financial statements which are incorporated herein by reference (see “Documents Incorporated by Reference” on pages 27 to 29 inclusive of this Base Prospectus) and the “Selected financial information” on pages 78 to 86 inclusive of this Base Prospectus).*

### Financial highlights for Macquarie Bank Limited for 2011

	Consolidated Half-year to 30 September 2011 A\$m	Consolidated Year to 31 March 2011 A\$m	Bank Year to 31 March 2011 A\$m
Profit after income tax	225	833	30
Total assets	158,504	140,362	117,342
<b>Profit</b>			
Net operating income	2,137	4,795	2,392
Total operating expenses	(1,854)	(3,690)	(2,347)
Operating profit before income tax	283	1,105	45
Income tax (expense)/benefit	(58)	(272)	(15)
Profit after income tax	225	833	30
Profit attributable to non-controlling interests	(3)	(4)	-
Distributions paid or provided on Macquarie Income Securities	(13)	(26)	-
Distributions paid or provided on convertible debentures	-	-	(4)
Profit attributable to ordinary equity holders	209	803	26

## Financial highlights for Macquarie Bank Limited for 2010

	Consolidated Half-year to 30 September 2010 A\$m	Consolidated Year to 31 March 2010 A\$m	Bank Year to 31 March 2010 A\$m
Profit after income tax	311	697	584
Total assets	142,297	130,110	102,685
<b>Profit</b>			
Net operating income	2,345	3,652	2,559
Total operating expenses	(1,951)	(2,890)	(2,056)
Operating profit before income tax	394	762	503
Income tax (expense)/benefit	(83)	(65)	81
Profit after income tax	311	697	584
Profit attributable to non-controlling interests	(4)	(13)	-
Distributions paid or provided on Macquarie Income Securities	(13)	(21)	-
Distributions paid or provided on convertible debentures	-	-	(15)
Profit attributable to ordinary equity holders	294	663	569

## Additional financial information

The additional audited financial information on pages 81 to 83 of this Base Prospectus has been extracted from the 2011 Annual Report of Macquarie Bank consolidated with its subsidiaries for the financial year ended 31 March 2011.

The unaudited financial information on pages 84 to 86 of this Base Prospectus has been extracted from the Interim Directors' Report and Financial Report of Macquarie Bank consolidated with its subsidiaries for the half year ended 30 September 2011.

**Macquarie Bank is required to prepare financial statements for itself consolidated with its subsidiaries in accordance with Australian Accounting Standards.** Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards.

The auditors of Macquarie Bank are PricewaterhouseCoopers, an independent registered public accounting firm, being an Australian partnership and a member of The Institute of Chartered Accountants in Australia ("**PwC Australia**").

PwC Australia has audited the financial statements included in Macquarie Bank's 2011 Annual Report for the financial years ended 31 March 2010 and 31 March 2011 in accordance with Australian Auditing Standards. The Independent Audit Report dated 29 April 2011 was unqualified.

PwC Australia has reviewed the unaudited financial statements included in Macquarie Bank's Interim Directors' Report and Financial Report for the half years ended 30 September 2010, 31 March 2011 and 30 September 2011 in accordance with Australian Auditing Standards. The Independent Auditor's Review Report dated 28 October 2011 was unqualified.

### *Limitation on Auditors' Liability*

PwC Australia may be able to assert a limitation of liability with respect to claims arising out of its audit report described or included in certain documents identified under "Documents Incorporated by Reference" on pages 27 to 29 inclusive of this Base Prospectus, and elsewhere in this Base Prospectus, to the extent it is subject to the limitations set forth in the Professional Standards Act 1994 of New South Wales, Australia ("**Professional Standards Act**") and the Institute of Chartered Accountants in Australia (NSW) Scheme adopted by The Institute of Chartered Accountants in Australia and approved by the New South Wales Professional Standards Council pursuant to the Professional Standards Act (together the "**NSW Accountants Scheme**") (or in relation to matters occurring prior to 7 October 2007, the predecessor scheme).

The Professional Standards Act and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted in the performance of its professional services to the Group, including, without limitation, its audits of the Group's financial statements, to the lesser of ten times the reasonable charge for the service by PwC Australia that gave rise to the claim and a maximum of A\$75 million and for other work of A\$20 million (or in relation to matters occurring prior to 7 October 2007, A\$20 million). The limit does not apply to claims for breach of trust, fraud or dishonesty. The Professional Standards Act and the Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by the courts and the effect of the limitation on the enforcement of foreign judgments are untested.

There is also legislation similar to the Professional Standards Act in the other states and territories of Australia and federally. Schemes similar to the NSW Accountants Scheme have been implemented in other states and territories of Australia and in relation to various civil claims under federal Australian law.



**Macquarie Bank Limited and its controlled entities**  
**Income Statements for the financial years ended 31 March 2011 and 31 March 2010**

	Consolidated 2011 A\$m	Consolidated 2010 A\$m	Bank 2011 A\$m	Bank 2010 A\$m
Interest and similar income	5,141	4,353	3,856	3,166
Interest expense and similar charges	(3,490)	(3,028)	(2,812)	(2,311)
Net interest income	1,651	1,325	1,044	855
Fee and commission income	1,307	1,036	95	96
Net trading income	1,279	1,237	594	582
Share of net profits of associates and joint ventures accounted for using the equity method	45	7	-	-
Other operating income and charges	513	47	659	1,026
Net operating income	4,795	3,652	2,392	2,559
Employment expenses	(1,553)	(1,089)	(853)	(687)
Brokerage and commission expenses	(669)	(548)	(615)	(401)
Occupancy expenses	(139)	(122)	(84)	(86)
Non-salary technology expenses	(98)	(88)	(59)	(58)
Other operating expenses	(1,231)	(1,043)	(736)	(824)
Total operating expenses	(3,690)	(2,890)	(2,347)	(2,056)
<b>Operating profit before income tax</b>	<b>1,105</b>	<b>762</b>	<b>45</b>	<b>503</b>
Income tax (expense)/benefit	(272)	(65)	(15)	81
<b>Profit after income tax</b>	<b>833</b>	<b>697</b>	<b>30</b>	<b>584</b>
Profit attributable to non-controlling interests:				
Macquarie Income Preferred Securities	(4)	(8)	-	-
Other non-controlling interests	-	(5)	-	-
Profit attributable to non-controlling interests	(4)	(13)	-	-
<b>Profit attributable to equity holders of Macquarie Bank Limited</b>	<b>829</b>	<b>684</b>	<b>30</b>	<b>584</b>
Distributions paid or provided on:				
Macquarie Income Securities	(26)	(21)	-	-
Convertible debentures	-	-	(4)	(15)
<b>Profit attributable to ordinary equity holders of Macquarie Bank Limited</b>	<b>803</b>	<b>663</b>	<b>26</b>	<b>569</b>

**Macquarie Bank Limited and its controlled entities**  
**Statements of Financial Position as at 31 March 2011 and 31 March 2010**

	Consolidated 2011 A\$m	Consolidated 2010 A\$m	Bank 2011 A\$m	Bank 2010 A\$m
<b>Assets</b>				
Due from financial institutions	7,579	6,490	6,256	5,120
Cash collateral on securities borrowed and reverse repurchase agreements	7,418	6,084	7,370	5,978
Trading portfolio assets	14,423	11,324	13,543	11,151
Loan assets held at amortised cost	45,382	43,794	17,299	16,162
Other financial assets at fair value through profit or loss	10,607	7,125	9,940	6,949
Derivative financial instruments – positive values	21,145	21,540	18,551	14,955
Other assets	6,839	6,567	3,702	3,103
Investment securities available for sale	15,003	16,761	13,948	15,937
Intangible assets	866	948	40	16
Life investment contracts and other unitholder investment assets	5,062	4,854	–	–
Due from related body corporate entities	2,443	2,391	2,230	2,457
Due from subsidiaries	–	–	20,134	16,361
Interests in associates and joint ventures accounted for using the equity method	856	915	471	342
Property, plant and equipment	2,363	893	16	23
Investments in subsidiaries	–	–	3,781	3,848
Deferred income tax assets	376	373	61	283
Non-current assets and assets of disposal groups classified as held for sale	–	51	–	–
<b>Total assets</b>	<b>140,362</b>	<b>130,110</b>	<b>117,342</b>	<b>102,685</b>
<b>Liabilities</b>				
Due to financial institutions	1,580	2,167	1,011	1,238
Cash collateral on securities lent and repurchase agreements	6,103	7,201	6,099	7,195
Trading portfolio liabilities	5,732	4,921	5,621	4,910
Derivative financial instruments – negative values	21,455	21,634	18,191	14,866
Deposits	35,106	22,288	34,827	22,043
Debt issued at amortised cost	36,943	39,408	17,697	19,170
Other financial liabilities at fair value through profit or loss	2,909	2,625	2,122	2,355
Other liabilities	7,463	6,727	4,049	3,103
Current tax liabilities	67	76	15	18
Life investment contracts and other unitholder liabilities	5,055	4,864	–	–
Due to related body corporate entities	6,471	8,008	6,212	8,044
Due to subsidiaries	–	–	10,607	9,596
Provisions	80	71	56	53
Deferred income tax liabilities	393	273	57	78
Liabilities of disposal groups classified as held for sale	–	9	–	–
<b>Total liabilities excluding loan capital</b>	<b>129,357</b>	<b>120,272</b>	<b>106,564</b>	<b>92,669</b>
<b>Loan capital</b>				
Subordinated debt at amortised cost	1,430	905	1,430	905
Subordinated debt at fair value through profit or loss	467	499	467	499
<b>Total loan capital</b>	<b>1,897</b>	<b>1,404</b>	<b>1,897</b>	<b>1,404</b>
<b>Total liabilities</b>	<b>131,254</b>	<b>121,676</b>	<b>108,461</b>	<b>94,073</b>
<b>Net assets</b>	<b>9,108</b>	<b>8,434</b>	<b>8,881</b>	<b>8,612</b>
<b>Equity</b>				
Contributed equity				
Ordinary share capital	7,278	6,508	7,278	6,508
Equity contribution from ultimate parent entity	102	87	75	67
Macquarie Income Securities	391	391	391	391
Convertible debentures	–	–	107	107
Reserves	(436)	(170)	351	251
Retained earnings	1,701	1,533	679	1,288
Total capital and reserves attributable to ordinary equity holders of Macquarie Bank Limited	9,036	8,349	8,881	8,612
<b>Non-controlling interests</b>				
Macquarie Income Preferred Securities	63	67	–	–
Other non-controlling interests	9	18	–	–
<b>Total equity</b>	<b>9,108</b>	<b>8,434</b>	<b>8,881</b>	<b>8,612</b>



Macquarie Bank Limited and its controlled entities  
 Consolidated Income Statements for the half year ended 30 September 2011

	Half Year to 30 September 2011 \$m	Half Year to 31 March 2011 \$m	Half Year to 30 September 2010 \$m
Interest and similar income	2,701	2,617	2,524
Interest expense and similar charges	(1,872)	(1,730)	(1,760)
Net interest income	829	887	764
Fee and commission income	625	553	754
Net trading income	408	646	633
Share of net profits of associates and joint ventures accounted for using the equity method	15	26	19
Other operating income and charges	260	338	175
Net operating income	2,137	2,450	2,345
Employment expenses	(732)	(748)	(805)
Brokerage and commission expenses	(318)	(281)	(388)
Occupancy expenses	(72)	(72)	(67)
Non-salary technology expenses	(49)	(48)	(50)
Other operating expenses	(683)	(590)	(641)
Total operating expenses	(1,854)	(1,739)	(1,951)
<b>Operating profit before income tax</b>	<b>283</b>	<b>711</b>	<b>394</b>
Income tax expense	(58)	(189)	(83)
<b>Profit after income tax</b>	<b>225</b>	<b>522</b>	<b>311</b>
(Profit)/loss attributable to non-controlling interests:			
Macquarie Income Preferred Securities	(2)	(2)	(2)
Other non-controlling interests	(1)	2	(2)
Profit attributable to non-controlling interests	(3)	–	(4)
<b>Profit attributable to equity holders of Macquarie Bank Limited</b>	<b>222</b>	<b>522</b>	<b>307</b>
Distributions paid or provided for on:			
Macquarie Income Securities	(13)	(13)	(13)
<b>Profit attributable to ordinary equity holders of Macquarie Bank Limited</b>	<b>209</b>	<b>509</b>	<b>294</b>

**Macquarie Bank Limited and its controlled entities**  
**Consolidated Statement of Financial Position as at 30 September 2011**

	As at 30 Sep 2011 \$m	As at 31 Mar 2011 \$m	As at 30 Sep 2010 \$m
<b>Assets</b>			
Due from financial institutions	9,024	7,579	7,595
Cash collateral on securities borrowed and reverse repurchase agreements	5,894	7,418	8,272
Trading portfolio assets	14,375	14,423	15,182
Loan assets held at amortised cost	44,934	45,382	44,703
Other financial assets at fair value through profit or loss	9,097	10,607	9,447
Derivative financial instruments – positive values	34,064	21,145	23,431
Other assets	9,173	6,839	6,100
Investment securities available for sale	19,409	15,003	16,118
Life investment contracts and other unitholder investment assets	4,760	5,062	5,052
Due from related body corporate entities	1,313	2,443	2,334
Interests in associates and joint ventures accounted for using the equity method	771	856	852
Property, plant and equipment	4,648	2,363	1,881
Intangible assets	934	866	951
Deferred income tax assets	108	376	379
<b>Total assets</b>	<b>158,504</b>	<b>140,362</b>	<b>142,297</b>
<b>Liabilities</b>			
Due to financial institutions	4,995	1,580	2,647
Cash collateral on securities lent and repurchase agreements	8,571	6,103	5,837
Trading portfolio liabilities	4,346	5,732	5,501
Derivative financial instruments – negative values	32,171	21,455	24,284
Deposits	37,833	35,106	34,829
Debt issued at amortised cost	37,365	36,943	36,275
Other financial liabilities at fair value through profit or loss	2,103	2,909	2,017
Other liabilities	9,059	7,463	7,030
Current tax liabilities	27	67	67
Life investment contracts and other unitholder liabilities	4,759	5,055	5,069
Due to related body corporate entities	4,856	6,471	7,639
Provisions	87	80	84
Deferred income tax liabilities	296	393	311
<b>Total liabilities excluding loan capital</b>	<b>146,468</b>	<b>129,357</b>	<b>131,590</b>
<b>Loan capital</b>			
Subordinated debt at amortised cost	2,447	1,430	1,472
Subordinated debt at fair value through profit or loss	149	467	487
<b>Total loan capital</b>	<b>2,596</b>	<b>1,897</b>	<b>1,959</b>
<b>Total liabilities</b>	<b>149,064</b>	<b>131,254</b>	<b>133,549</b>
<b>Net assets</b>			
<b>Equity</b>			
Contributed equity			
Ordinary share capital	7,578	7,278	7,128
Equity contribution from ultimate parent entity	111	102	108
Macquarie Income Securities	391	391	391
Reserves	(326)	(436)	(342)
Retained earnings	1,613	1,701	1,377
Total capital and reserves attributable to equity holders of Macquarie Bank Limited	9,367	9,036	8,662
<b>Non-controlling interests</b>			
Macquarie Income Preferred Securities	66	63	66

Other non-controlling interests	7	9	20
<b>Total equity</b>	<b>9,440</b>	9,108	8,748

## Offering and Sale

---

No action has been or will be taken by the Issuer that would permit a public offering of any Warrants or possession or distribution of any offering material in relation to any Warrants in any jurisdiction where action for that purpose is required. No offers, sales, re-offers, re-sales or deliveries of any Warrants, or distribution of any this Base Prospectus, any Final Terms, circular, advertisement or other offering material relating to any Warrants, may be made in or from any country or jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or any Manager.

### 1 General

This Base Prospectus has not been, and will not be, lodged with ASIC and is not a 'prospectus' or other 'disclosure document' for the purposes of the Corporations Act.

Except for registration of this Base Prospectus by the Luxembourg Stock Exchange, no action has been taken in any country or jurisdiction that would permit a public offering of any of the Warrants, or possession or distribution of this Base Prospectus, any Final Terms, circular, advertisement or other offering material relating to any Warrants, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Base Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Warrants or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of any Warrants under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Manager shall have responsibility therefor. In accordance with the above, any Warrants purchased by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Warrants in such country or jurisdiction.

In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in Australia, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, People's Republic of China, Malaysia, Mexico and Taiwan as set out below.

### 2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Warrant has been, or will be, lodged with ASIC. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that, unless the relevant Final Terms otherwise provides, it:

- (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Warrants in Australia (including an offer or invitation which is received by a person in Australia); and

- (b) has not distributed or published, and will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to any Warrants in Australia,

unless (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (ii) such action complies with all applicable laws and regulations in Australia (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act), (iii) the offer or invitation is not made to a person who is a “retail client” for the purpose of section 761G of the Corporations Act, and (iv) such action does not require any document to be lodged with ASIC.

### 3 United States

No Warrants of any series have been, or will be, registered under the United States Securities Act of 1933, as amended (“**Securities Act**”). Trading in the Warrants has not been, and will not be, approved on an exchange or board of trade or otherwise by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act. No Warrants of any series, or interests therein, may at any time be offered, sold, resold, traded or delivered, directly or indirectly, in or into the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (“**United States**”) or directly or indirectly offered, sold, resold, traded or delivered to, or for the account or benefit of, any person (“**U.S. person**”) who is (i) an individual who is a citizen or resident of the United States, (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States, (iii) any estate or trust, the income of which is subject to United States federal income taxation regardless of the source of its income, (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust, (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above, or (vi) any other “U.S. person” as such term may be defined in Regulation S under the Securities Act (“**Regulation S**”) or, to the extent applicable, in regulations adopted under the United States Commodity Exchange Act of 1936. Consequently, any offer, sale, re-sale, trade or delivery made, directly or indirectly, into the United States or to, for the account or benefit of, a U.S. person will not be recognised, except (a) if the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act, then within the United States, to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and (b) in countries outside the United States to persons that are not, and are not acting for the account or benefit of, U.S. persons in offshore transactions in accordance with Regulation S.

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that it will not at any time offer, sell, resell, trade or deliver, directly or indirectly, Warrants of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Warrants of any series must represent



and agree with a Manager of such series or the seller of such Warrants that (i) it will not at any time offer, sell, resell, trade or deliver, directly or indirectly, any Warrants of such series so purchased in or into the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any Warrants of such series for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales, trades or deliveries of any Warrants of such series (otherwise acquired), directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person.

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will also be required to represent and agree and will be deemed to have represented and agreed, and any person purchasing Warrants of such series must represent and agree, to send each person who purchases any Warrants of such series from it a written confirmation (which shall include the definitions of “United States” and “U.S. persons” set forth herein) by acceptance of such confirmation stating that the Warrants have not been registered under the Securities Act, and stating that, such purchaser agrees that it will not at any time offer, sell, resell, trade or deliver Warrants, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person. Any person exercising a Warrant will be required to represent that it is not a U.S. person nor is it acting for the account or benefit of any U.S. person. See “Terms and Conditions of the Warrants, Condition 5 - Exercise Procedure”.

#### 4 European Economic Area

Unless otherwise stated in this Offer and Sale section, in relation to each Member State of the European Economic Area (being the countries in the European Union plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a “**Relevant EEA State**”), each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State (“**Relevant Implementation Date**”) it has not made and will not make an offer of Warrants, which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms thereto, to the public in that Relevant EEA State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Warrants to the public in that Relevant EEA State:

- (a) if the Final Terms in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 3.2 of the Prospectus Directive in that Relevant EEA State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in the Relevant EEA State or, where appropriate, approved in another Relevant EEA State and notified to the competent authority in that Relevant EEA State, provided that any such prospectus has subsequently been completed by the final terms contemplated in such a Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the relevant Manager or Managers or person responsible for drawing up such prospectus has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to natural persons or legal entities which are qualified investors as defined in the Prospectus Directive;

- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons per Member State (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3.2 of the Prospectus Directive,

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

For the purposes of this provision, the expression an “offer of Warrants to the public” in relation to any Warrants in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Relevant EEA State by any measure implementing the Prospectus Directive in that Relevant EEA State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant EEA State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

This European Economic Area selling restriction is in addition to any other selling restrictions set out in this Base Prospectus.

## 5 United Kingdom

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that:

- (a) it has complied with, and will comply with, all applicable provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) in respect of anything done in relation to any Warrants in, from or otherwise involving the United Kingdom; and
- (b) in connection with the issue or sale of any Warrants in circumstances in which section 21(1) of the FSMA does not apply to the Issuer, it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA).

## 6 Hong Kong

Each Manager of an issue of Warrants acknowledges and agrees that the Warrants have not been authorised by the Hong Kong Securities and Futures Commission. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme will be required to represent and agree, and will be deemed to have represented and agreed, that it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or

read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## 7 Singapore

The Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme will be required to represent, warrant and agree, and will be deemed to have represented, warranted and agreed, that the Warrants may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Warrants be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than:

- (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as amended (“**Securities and Futures Act**”);
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to further represent, warrant and agree, and will be deemed to have represented, warranted and agreed to notify (whether through the distribution of this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Warrants or otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Warrants from and through that Manager, namely a person who is:

- (1) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined under Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries’ rights and interest however described in that trust shall not be transferred within for 6 months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined under Section 274 of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the Securities and Futures Act.

## 8 Japan

No Warrants of any Series have been or will be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) ("**Financial Instruments and Exchange Act**") and, accordingly, each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that it has not offered or sold and will not offer or sell any Warrants, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended), or to others for re-offering or re-sale directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

## 9 Korea

No Warrants of any Series have been or will be registered under the Financial Investment Services and Capital Markets Act of the Republic of Korea ("**Korea**").

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that Warrants have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. Each Manager of an issue of Warrants has undertaken, and each further Manager appointed under the Programme will be required to undertake to ensure that any securities dealer to which it sells any Warrants confirms that it is purchasing such Warrants as principal and agrees with such Manager that it will comply with the restrictions described above.

## 10 India

Without limiting the below, each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that it has not offered, sold or transferred and will not offer, sell or transfer in India, directly or indirectly, by means of any document, any Warrants (a) other than to persons permitted to acquire the Warrants under Indian law, whether as a principal or an agent, or (b) in circumstances which would constitute an offering to the public within the meaning of the Companies

Act, 1956 of India, and that this Base Prospectus and any document by means of which it offers the Warrants will not be generally distributed or circulated in India and will be for the sole consideration and exclusive use of the persons permitted to acquire the Warrants under Indian law to whom it is issued or passed on.

No Warrants of any Series have been or will be approved by the Securities and Exchange Board of India, Reserve Bank of India or any other regulatory authority of India, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in it. This Base Prospectus has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with the Registrar of Companies in India.

Prospective investors must seek legal advice as to whether they are entitled to subscribe to the Warrants and must comply with all relevant Indian laws in this respect. Each investor is deemed to have acknowledged and agreed that it is eligible to invest in the Warrants under applicable laws and regulations and that it is not prohibited under any law or regulation in India from acquiring, owning or selling the Warrants.

Further, by its purchase of any Warrants, on the date of purchase and on each day the Warrants are being held, each Warrantholder will be deemed to represent and warrant that its purchase of the Warrants is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

- (a) the Warrants shall not be offered, sold or transferred to (i) a “person resident in India” (as such term is defined in the Foreign Exchange Management Act, 1999 of India, as may be amended or supplemented from time to time), or (ii) a “non-resident Indian” (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 of India, as may be amended or supplemented from time to time), (each a “**Restricted Entity**”);
- (b) the Warrants shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a “**controller**” means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who (i) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, (ii) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or (iii) who in fact exercises control over an entity.

For the purposes of this representation, “**control**” means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity’s investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity’s controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity’s financial, investment and /or operating policies;

- (c) the Warrants shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no

agreement for the issuance of a back-to-back offshore derivatives instrument (“ODI”) (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulation 1995 of India and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time (collectively referred to as the “**FII Regulations**”)) can be entered into against the Warrants. For this purpose of this paragraph, a “back-to-back ODI” shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations);

- (d) the Warrants shall only be offered to a “person regulated by an appropriate foreign regulatory authority” (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations) (a “**Regulated Entity**”);
- (e) the Warrants shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FII Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the Warrants with, Restricted Entities and persons/entities who are not Regulated Entities); and
- (f) the Warrants cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by the Warrantholder nominees, associates or affiliates (each, a “**Transfer**”) with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity. For this purpose of this paragraph, a “back-to-back ODI” shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

Further, by the purchase of any Warrants, each purchaser of the Warrants is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Warrants):

- (i) it will, in the case where it or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of the Warrants to, or enter into any back-to-back ODIs or enter into an agreement with respect to any of the foregoing with any party:
  - (A) provide notice of these “India” selling restrictions to any person to whom a Transfer was made (the “**Transferee**”); and
  - (B) issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Business Days after the Transfer.

For the purpose of this paragraph (i), a “back-to-back ODI” shall not include the issue of any ODI to be issued by a party who makes monthly or periodic disclosure of ODI transactions to the Securities and Exchange Board of India and will disclose the terms and parties to such back-to-back ODI in the form and

manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations);

- (ii) the Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Warrants and any breach of these representations, warranties, agreements and undertaking to any Indian governmental or regulatory authorities (each an “**Indian Authority**”) as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Indian Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Indian Authority;
- (iii). it will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Indian Authority from time to time;
- (iv) It acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) (“**ODI Holder Obligations**”) may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Warrants including these “India” selling restrictions, or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Warrants by the Issuer or its associates/affiliates; and
- (v) it will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.

## 11 Canada

The Warrants are not and will not be qualified for sale under the securities laws of any province or territory of Canada. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that:

- (a) it has not offered, sold, delivered or transferred and will not offer, sell, deliver or transfer any Warrants, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with the applicable securities laws of any province or territory of Canada; and

- (b) it has not and will not distribute or deliver the Base Prospectus or any Final Terms, advertisement or other offering material relating to the Warrants in Canada, other than in compliance with the applicable securities laws of any province or territory of Canada.

## 12 People's Republic of China

This Base Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any Warrants in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) ("PRC") to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Warrants may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly (i) by means of any advertisement, invitation, document or activity which is directed at, or the contents of which are likely to be accessed or read by, the public in the PRC, or (ii) to any person within the PRC other than in full compliance with the relevant laws and regulations of the PRC, including but not limited to the PRC Securities Law, the Company Law and/or The Provisional Administrative Measures on Derivatives Business of Financial Institutions (as amended). Neither this Base Prospectus nor any material or information contained or incorporated by reference herein relating to the Programme or any advertisement or other offering material, in each case which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission or other relevant governmental authorities in the PRC, may be supplied to the public in the PRC or used in connection with any offer for the subscription, purchase or sale of the Warrants other than in compliance with all applicable laws and regulations in the PRC.

PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, those which may be required by the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC laws and regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitation any such distribution of offering. In particular no action has been taken by the Issuer which would permit a public offering of any Warrants or distribution of this document in the PRC. Accordingly, the Warrants are not being offered or sold within the PRC by means of this Base Prospectus or any other document.

## 13 Malaysia

No proposal has been made, or will be made, to the Securities Commission of Malaysia for the approval of the issue or sale of the Warrants in Malaysia. Accordingly, each purchaser or subscriber of the Warrants will be deemed to represent and agree that it has not offered, sold, transferred or disposed, and will not offer, sell, transfer or dispose of, any Warrants, nor has it made, or will it make, this Base Prospectus or any other document or material the subject of an offer or invitation for subscription or purchase of



any Warrants, whether directly or indirectly, to any person in Malaysia other than pursuant to an offer or invitation as specified in Schedule 5 of the Capital Markets and Services Act 2007 or as prescribed by the Minister of Finance under paragraph 229 (1) of the Capital Markets and Services Act 2007 and subject to the observance of all applicable laws and regulations in any jurisdiction (including Malaysia).

#### 14 Mexico

The Warrants have not been, and will not be, registered with the Mexican National Registry of Securities (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comision Nacional Bancaria y de Valores*) nor with the Mexican Stock Exchange. Accordingly, the Warrants may not be offered or sold publicly in the United Mexican States (“**Mexico**”). This Base Prospectus and any applicable Final Terms may not be publicly distributed in Mexico. The Warrants may be privately placed in Mexico among institutional and qualified investors pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law.

#### 15 Taiwan

The Warrants have not been, and will not be, registered with the Financial Supervisory Commission of Taiwan, the Republic of China (“**Taiwan**”) pursuant to applicable securities laws and regulations. No person or entity in Taiwan is authorised to distribute or otherwise intermediate the offering of the Warrants or the provision of information relating to the Programme, including, but not limited to, this Base Prospectus. The Warrants may be made available for purchase outside Taiwan by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors), but may not be issued, offered or sold in Taiwan.

#### 16 Changes to these selling restrictions

These selling restrictions may be changed by the Issuer including following a change, in or clarification of, a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country or jurisdiction concerned or any change in or introduction of any of them or in their interpretation or administration. Any change will be set out in the Final Terms issued in respect of the Warrants to which it relates.

Persons in whose hands this Base Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, transfer or deliver Warrants or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale, transfer or delivery by them of any Warrants under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and neither the Issuer Bank nor any Manager shall have responsibility therefore. In accordance with the above, any Warrant purchased by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in either Issuer being obliged to register this Base Prospectus or any further prospectus or corresponding document relating to the Warrants in such country or jurisdiction.



## Taxation

---

### *General*

Purchasers of Warrants may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Warrant.

**TRANSACTIONS INVOLVING WARRANTS MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING WARRANTS SHOULD CONSULT THEIR OWN TAX ADVISERS.**

Condition 11 (“Expenses and Taxation”) on page 49 of this Base Prospectus should be considered carefully by all potential purchasers of any Warrants.

### **Australian withholding taxes**

*The following is a summary of the Australian withholding taxes that could be relevant in relation to the issue, transfer and settlement of the Warrants. This summary is not exhaustive and does not deal with:*

- *any other Australian tax aspects of acquiring, holding or disposing of the Warrants (including Australian income taxes);*
- *the position of certain classes of Warrantheolders; or*
- *the Australian tax aspects of acquiring, holding or disposing of the relevant Reference Assets if the Warrants are Physical Delivery Warrants.*

*Prospective Warrantheolders should also be aware that the final terms of issue of any Series of Warrants will affect the Australian tax treatment of that Series of Warrants.*

*This summary is a general guide and should be treated with appropriate caution. Prospective Warrantheolders should consult their professional advisers on the tax implications of an investment in the Warrants for their particular circumstances.*

*The Warrants may be issued by the Issuer acting through its Head Office in Sydney (“**MBL Head Office**”) or through any of its branches outside of Australia as specified in the relevant Final Terms or as agreed with the relevant Manager (“**MBL Foreign Branch**”). There may be different Australian withholding tax consequences depending upon whether the Warrants are issued by MBL Head Office or by an MBL Foreign Branch.*

#### **(i) Australian income withholding tax (“IWT”)**

Payments made in respect of Warrants issued by MBL Head Office which are not “interest” for the purposes Division 11A of Part III to the Income Tax Assessment Act 1936 of Australia (“**Australian Tax Act**”), may be made without any withholding or deduction for or on account of Australian IWT. For these purpose, “interest” includes any amount in the nature of, or in substitution for, interest and certain other amounts.

Payments made in respect of the Warrants issued by an MBL Foreign Branch which do not have an Australian source may be made without any withholding or deduction for or on account of Australian IWT.

(ii) **Australian dividend withholding tax (“DWT”)**

Australia may impose DWT at a rate of up to 30% on dividends paid in respect of shares held in an Australian company. However, to the extent that a Warrantholder does not hold any interest in such shares (and, therefore, any dividend), there should be no DWT imposed on any amounts received in respect of the Warrants.

(iii) **Tax File Number (“TFN”) and Australian Business Number (“ABN”)**

The Warrants should not be characterised as an “investment” to which Part VA of the Australian Tax Act applies. Therefore, the Warrants should be unaffected by the TFN quotation rules and there is no need for an investor to quote their TFN in connection with the acquisition of the Warrants.

However, in the case of Physical Delivery Warrants where a Warrantholder takes delivery of a Reference Asset at Settlement, an investor may be requested by the relevant investee company or entity for the provision of their TFN (or, in certain circumstances, their ABN). Whilst an investor is not required to provide their TFN (or ABN) to the relevant investee company or entity, investors that do not provide their TFN, or, in certain circumstances, their ABN, or other exemption details, may have tax withheld from dividends, interest and other income payments at the highest marginal tax rate in Australia (currently 45%).

(iv) **Supply withholding taxes**

The Warrants should not be subject to any “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“Taxation Administration Act”).

(v) **Additional withholdings from certain payments to non-Australian residents**

Section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-Australian residents.

However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this Base Prospectus are not relevant to payments in respect of the Warrants. The possible future application of any regulations to the proceeds of any sale of the Warrants will need to be monitored.

(vi) **Garnishee directions by the Commissioner of Taxation (“Commissioner”)**

The Commissioner may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 of the Taxation Administration Act (or any other analogous provision under another statute) requiring the Issuer to deduct from any payment to any other entity (including any Warrantholder) any amount in respect of tax payable by that

other entity. If the Issuer is served with such a direction in respect of a Warrantholder, then the Issuer will comply with that direction and, accordingly, will make any deduction or withholding in connection with that direction.

For example, in broad terms, if an amount was owing by the Issuer to a Warrantholder and that Warrantholder had an outstanding Australian tax-related liability owing to the Commissioner, the Commissioner may issue a notice to the Issuer requiring the Issuer to pay the Commissioner instead of the amount owing to the Warrantholder.

(vii) **Issuer required to make a withholding or deduction on account of taxes**

As set out in more detail in Condition 10 of this Base Prospectus, all payments made by the Issuer in respect of the Warrants will be made net of any withholding or deduction on account of taxes.

Whether or not the relevant withholding or deduction will be required to be made by the Issuer, the Guarantor or another entity on behalf of the Issuer (for example, the Paying Agent) will depend on the nature of the particular withholding or deduction, the character of the relevant payment and the Final Terms for that Series of Warrants.

## **United Kingdom Taxation**

### *Formation*

No United Kingdom stamp duty arises on the formation of any Warrant which can only be cash settled. There can be United Kingdom stamp duty on the formation of a Warrant which contains provisions where the Warrant holder has the right to have physical settlement. In circumstances where there is a liability to stamp duty in respect of a particular document, that stamp duty would need to be paid before the document could be used in evidence in the United Kingdom. It is not the current intention that any stampable document should be produced on the formation of a Warrant. No United Kingdom stamp duty arises in respect of the formation of put warrants which contain provision for physical settlement. No United Kingdom stamp duty reserve tax arises on the formation of any Warrant.

### *Transfer*

There can be stamp duty in respect of any document transferring any Warrant whether cash only settled or containing provisions for physical settlement. There should however normally be no document of transfer. There should be no stamp duty reserve tax in respect of any agreement to transfer any Warrant except potentially where the Warrant is a call warrant which contains provision for physical settlement and either it relates to certain securities registered in the United Kingdom or it relates to shares paired with shares issued by a company incorporated in the United Kingdom.

### *Exercise*

There can be no stamp duty nor stamp duty reserve tax on the exercise of cash only settled warrants. In relation to physically settled warrants, there will be stamp duty reserve tax at 0.5% on any agreement to transfer, for example, shares on exercise of the relevant Warrant where the shares to which the Warrant relates are issued by a company incorporated in the United Kingdom or where the shares are registered in the United Kingdom or paired with shares issued by a company incorporated in the United Kingdom. However, if stamp duty is paid at the rate of 0.5% in respect of any instrument or document completing an agreement to transfer, the charge to stamp duty reserve tax will be cancelled and any stamp duty reserve tax already paid

shall be repaid provided that the stamp duty was paid within six years of when the original agreement was made.

## **Luxembourg Taxation**

*The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Warrants. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or dispose of the Warrants. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers of the Warrants should consult their own tax advisers as to the applicable tax consequences of the ownership of the Warrants, based on their particular circumstances. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Base Prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), a crisis contribution (*contribution de crise*), as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the crisis contribution (the latter being applicable for the years 2011 and 2012). Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

### **(i) Non-resident holders of Warrants**

Under Luxembourg general tax laws currently in force, the holding, exercise or disposal of Warrants by a non-resident holder is not subject to tax in Luxembourg, unless such Warrants are held as business assets by such non-resident holder through a permanent establishment, a permanent representative or a fixed place of business in Luxembourg, in which case, such income or Warrant may be subject to tax as explained under (ii) hereafter under the same or similar circumstances as for resident holders of Warrants.

### **(ii) Resident holders of Warrants**

#### *Individuals*

Any profit realised by a resident individual holder of Warrant not acting in the course of the management of a professional or business undertaking to which the Warrants are attributable, on the disposal of Warrants or upon the exercise thereof, is subject to income tax in Luxembourg if such Warrant is disposed of or exercised within a period of 6 months following the acquisition by such person.

The disposal of the assets acquired upon such exercise will be taxable in Luxembourg if (i) the assets acquired are disposed of within a period of 6 months starting from the date

of acquisition of such assets following the exercise of such Warrant or (ii) if the assets acquired represent a substantial participation (i.e. more than 10%).

If Warrants are held by a resident individual holder acting in the course of the management of a professional or business undertaking to which the Warrants are attributable, any profit realised by such holder will also be subject to income tax if made after the expiry of the aforementioned 6 months period.

*Luxembourg resident companies (organismes à caractère collectif)*

Unless tax exempt under the provisions of Luxembourg tax law, Luxembourg resident companies holding Warrants, must include in their taxable income any profit realised upon disposal of Warrants or upon the exercise thereof.

Any disposal of assets acquired upon exercise of the Warrants will be taxable in Luxembourg in the same circumstances as would be a disposal of a Warrant or the exercise thereof.

*Other Taxes*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg in respect of or in connection with the issue, acquisition, disposal or exercise of the Warrants or the receipt of the underlying assets upon exercise of Warrants provided however that the issue, acquisition, disposal or exercise of such Warrants is not registered in Luxembourg which is not mandatory.

Save where the holder of Warrant is exempt from taxation under Luxembourg law, Luxembourg net wealth tax will not be levied on such holder of Warrant, unless the holder is a Luxembourg resident company.

(iii) **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. By Royal Decree dated 27 September 2009 and published in the Belgian Official Gazette on 1 October 2009, the Belgian State elected to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes. The proposal has been approved by the European Parliament and is under discussion by the European Council. If implemented, the changes may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and tax, or in respect of tax, were to be withheld from that payment, none of the relevant Issuer, the Guarantor nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Warrants as a result of the imposition of such withholding tax. However, the Issuers are required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the above EU Savings Directive.



## Use of Proceeds

---

Proceeds realised from the issuance of Warrants under the Programme will be used by Macquarie Bank for the Group's general corporate purposes.

## General Information

---

### Authorisation

- 1 Macquarie Bank has obtained all necessary consents, approvals and authorisations in Australia in connection with the issue and performance of the Warrants. The establishment of the Programme and the issue of Warrants under it were duly authorised by Macquarie Bank on 22 February 2000 and the update of the Programme has been duly authorised by board delegated committees of Macquarie Bank, most recently on 25 October 2011.

### Commission Regulation (EC) No. 809/2004 of 29 April 2004

- 2 In accordance with Article 22(3) of Commission Regulation (EC) No. 809/2004 this Base Prospectus has been prepared using the following Annexes as provided in Annex XVIII Table of Combinations:
  - Annex IV Minimum disclosure requirements for the debt and derivative securities registration document (schedule). (Debt and derivative securities with a denomination per unit of less than €50,000); and
  - Annex XII Minimum disclosure requirements for the securities note for derivative securities (schedule).

### Auditors

- 3 The auditors of Macquarie Bank in Australia are PricewaterhouseCoopers.

### Other issuance under the Programme

- 4 If Macquarie Bank wishes to issue Warrants to be listed on the Luxembourg Stock Exchange in a form not contemplated by this Base Prospectus, it will issue a replacement Base Prospectus describing the form (and terms and conditions) of such Warrants.

### Documents available

- 5 For so long as any Warrants shall be outstanding or the Programme remains in effect, copies of the following documents may be inspected during normal business hours at, and copies of documents (c), (d) and (e) are available free of charge from, the specified office of the Principal Warrant Agent in London and the Warrant Agent for the time being in Luxembourg and/or from the principal place of business of Macquarie Bank:
  - (a) the constitution of Macquarie Bank;
  - (b) the Warrant Agreement (which contains the form of the Global Warrant);
  - (c) the 2010 annual report and the 2011 annual report of Macquarie Bank which includes the audited annual financial statements of Macquarie Bank consolidated with its controlled entities for the financial years ended 31 March 2010 and 31 March 2011 and the auditor's reports in respect of such financial statements (see "Selected Financial Information - Selected financial information" on pages 78 to 86 inclusive of this Base Prospectus for further information on the financial statements of Macquarie Bank consolidated with its controlled entities);

- (d) the 2012 Interim Directors' Report and Financial Report of Macquarie Bank which includes the unaudited financial statements of Macquarie Bank consolidated with its controlled entities for the half years ended 30 September 2010, 31 March 2011 and 30 September 2011 and the auditor's review report in respect of such financial statements (see "Selected Financial Information - Selected financial information" on pages 78 to 86 inclusive of this Base Prospectus for further information on the half year financial statements of Macquarie Bank consolidated with its controlled entities);
- (e) each Final Terms for Warrants that are listed on the Luxembourg Stock Exchange or any other stock exchange;
- (f) a copy of this Base Prospectus together with any supplement to the Base Prospectus;
- (g) in the case of a syndicated issue of listed Warrants, the syndication agreement (or equivalent document); and
- (h) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.

This Base Prospectus, the Final Terms issued for each issue of Warrants to be listed on the Luxembourg Stock Exchange and the other documents incorporated by reference as set out in this Base Prospectus (see "Documents Incorporated by Reference" on pages 27 to 29 inclusive of this Base Prospectus) will be published on the Luxembourg Stock Exchange's internet site [www.bourse.lu](http://www.bourse.lu).

### Clearing

- 6 The Warrants have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate Common Code and International Securities Identification Number for each issue of Warrants allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms. If the Warrants of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

### EU Savings Directive

- 7 Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person or for, an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). In addition, a number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) in certain circumstances on a reciprocal basis.

If a payment were to be made or collected through a Member State which has opted for a withholding system and tax, or in respect of tax, were to be withheld from that payment, none of the relevant Issuer, the Guarantor nor any Paying Agent nor any other

person would be obliged to pay additional amounts with respect to any Warrants as a result of the imposition of such withholding tax. However, the Issuers are required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the above Directive.

#### **Australian approvals**

- 8 No approvals are currently required under Australian law for or in connection with the issue of Warrants by Macquarie Bank or for, or in connection with, the performance and enforceability of such Warrants. However, the Banking (Foreign Exchange) Regulations and other regulations in Australia prohibit payments, transactions and dealings with assets or named individuals or entities subject to international sanctions or associated with terrorism.

#### **Post issuance information**

- 9 Macquarie Bank does not intend to provide any post-issuance information in relation to any assets underlying an issue of Warrants constituting derivative securities.

## Directory

---

### ISSUER

**Macquarie Bank Limited**

No.1 Martin Place

Sydney NSW 2000

Australia

Telephone: +61 2 8232 3573

Facsimile: +61 2 8232 6882

Attention: Head of Prudential (Legal) (Macquarie Securities Group)

### PRINCIPAL WARRANT AGENT

**Deutsche Bank AG, London Branch**

Winchester House

1 Great Winchester Street

London EC2N 2DB

United Kingdom

Telephone: +44 (020) 7545 8000

Facsimile: +44 (020) 7547 5782

Attention: Trust & Securities Services

### LUXEMBOURG WARRANT AGENT

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer

L-1115 Luxembourg

### LUXEMBOURG LISTING AGENT

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer

L-1115 Luxembourg

### AUDITORS

**To the Issuer**

**PricewaterhouseCoopers**

201 Sussex Street

Sydney NSW 2000

Australia