Base Prospectus

Xtrackers (Jersey) ETC PLC

Xtrackers (Jersey) ETC PLC is a public limited company incorporated under the laws of Jersey with registered number 145739, having its registered address at IFC 5, St. Helier, JE1 1ST, Jersey

Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme

What is this document?

This document (this "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8.1 of the Prospectus Regulation and is in respect of the Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme (as renamed in the sole discretion of the Issuer from time to time) (the "**Programme**") of Xtrackers (Jersey) ETC PLC (the "**Issuer**"). This Base Prospectus is valid for 12 months. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of the Carbon ETC Securities, prepare a supplement to this Base Prospectus. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Base Prospectus is no longer valid. It is important that you read and understand this Base Prospectus before you invest in Carbon ETC Securities.

What type of securities does this document relate to?

This Base Prospectus relates to the issuance of secured, limited recourse securities ("**Carbon ETC Securities**") of the Issuer that will be linked to the price of specified allowances, credits, permits, rights or similar assets which represent a specific volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances, credits, permits, rights, or similar assets ("**Allowance(s)**") and upon maturity will pay an amount linked to the performance of such Allowance(s) to the Securityholder, subject to the deduction of fees.

As at the date of this Base Prospectus, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances.

The Carbon ETC Securities involve a significant degree of risk and prospective purchasers should be prepared to sustain a loss of all or part of their investment.

Who is the Issuer?

The Issuer is a special purpose vehicle whose sole business is the issue of Carbon ETC Securities.

What is in this Base Prospectus?

This Base Prospectus is intended to provide prospective purchasers with necessary information with regard to the Issuer and the Carbon ETC Securities which, according to the particular nature and circumstances of the Issuer and the type of Carbon ETC Securities, is material to prospective purchasers for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Carbon ETC Securities and the reasons for the issuance and its impact on the Issuer.

The contractual terms of any particular series of Carbon ETC Securities (each, a "**Series**") will be made up of the terms and conditions set out at pages 83 to 181 of this Base Prospectus, as completed by a separate Final Terms document, which is specific to that issuance of Carbon ETC Securities (the "**Final Terms**").

The Base Prospectus also discloses risk factors relating to an investment in Carbon ETC Securities; information about certain agreements entered into by the Issuer in respect of the Carbon ETC Securities; information concerning certain parties that have roles in connection with the Programme; information regarding taxation in certain jurisdictions; and information about selling restrictions applicable to the Carbon ETC Securities. All capitalised terms used will be defined in this Base Prospectus or the Final Terms and a glossary of defined terms is set out at pages 225 to 228 of this Base Prospectus.

What other documents do I need to read?

This Base Prospectus contains all information which is necessary to enable prospective purchasers to make an informed decision of the financial position and prospects of the Issuer and of the rights attaching to the Carbon ETC Securities. Some of this information is completed in an issue-specific document called the Final Terms. Each prospective purchaser must read the Final Terms in respect of the relevant Series of Carbon ETC Securities together with this Base Prospectus.

This Base Prospectus will be made available at www.etf.dws.com (or such other website as may be notified to Securityholders). The information on any websites referred to herein does not form part of the Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

What information is included in the Final Terms?

Whilst the Base Prospectus includes general information about all Carbon ETC Securities, the Final Terms is the document that sets out the specific details of the particular issue of Carbon ETC Securities covered by those Final Terms. Such details will include, *inter alia*, the issue date; currency; Series number; scheduled maturity date; the type of Allowance(s) to which those Carbon ETC Securities are linked and the fee percentages or maximum fee percentages applicable to those Carbon ETC Securities.

The date of this Base Prospectus is 9 November 2023.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 8.1 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

Approval

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Carbon ETC Securities that is the subject of this Base Prospectus and prospective purchasers should make their own assessment as to the suitability of investing in the Carbon ETC Securities. Such approval relates only to the Carbon ETC Securities which are to be admitted to trading on the regulated market of Euronext Dublin ("**Euronext Dublin**") or other regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) ("**MiFID II**"). For the avoidance of doubt, the Central Bank acknowledges that it does not approve this Base Prospectus for the purposes of offers to the public in any Member State of the European Economic Area (the "**EEA**") as the obligation to publish a prospectus does not apply to an offer of securities addressed solely to qualified investors pursuant to Article 1(4) of the Prospectus Regulation.

The Issuer has requested the Central Bank to notify the approval of the Base Prospectus in accordance with Article 25 of the Prospectus Regulation to the competent authority in Germany, the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the Federal Financial Supervisory Authority) by providing it with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation. The Issuer may request the Central Bank to provide competent authorities in other Member States of the EEA with such certificates for the purposes of admission to trading of all or any Carbon ETC Securities on a regulated market therein or both.

Admission to Listing and Trading

A Series of Carbon ETC Securities may be listed on the official list of one or more of the following stock exchanges and be admitted to trading on the regulated market or other main market thereof: Euronext Dublin, the Frankfurt Stock Exchange and/or such other stock exchanges and regulated markets or main markets as may be agreed between the Issuer and the Programme Administrator. References in this Base Prospectus to Carbon ETC Securities being "listed" (and all related references) shall mean that such Carbon ETC Securities have been admitted to the official list and have been admitted to trading on the regulated market or other main market of any such stock exchange.

This Base Prospectus may not be used in connection with or to offer any Carbon ETC Securities (a) listed on the official list of any stock exchange and admitted to trading on any market other than those listed on the official list of a stock exchange in the EEA and admitted to trading on a regulated market or main market of a Member State or (b) to investors in the UK. In particular, this Base Prospectus does not relate to any Carbon ETC Securities listed on any non-EEA stock exchange and trading on any non-EEA market such as the London Stock Exchange plc and/or the SIX Swiss Exchange or offered to any investors located in the UK. For the avoidance of doubt, the terms and conditions of any Carbon ETC Securities listed on any non-EEA stock exchange and trading on any non-EEA market or to be offered in the UK will be set out in a separate document and will be offered pursuant to such separate disclosure and/or offering document as may be required by the laws applicable to such non-EEA jurisdiction and the rules of the relevant non-EEA exchange.

Unlisted Series of Carbon ETC Securities that are not being offered to the public under Article 2(d) of the Prospectus Regulation may also be issued pursuant to the Programme. Unlisted Series of Carbon ETC Securities that are being offered to the public under Article 2(d) of the Prospectus Regulation may not be offered under the Programme. Unlisted Series of Carbon ETC Securities will not be exchange-traded. The Final Terms relating to a Series of Carbon ETC Securities will specify whether or not such Carbon ETC Securities are to be listed.

References in this Base Prospectus to Carbon ETC Securities being "unlisted" (and all related references) shall mean that such Carbon ETC Securities have not been offered by way of a public offer in accordance with the Prospectus Regulation and have not been listed on the official list or admitted to trading on the regulated market or other main market of a stock exchange.

Rating

Carbon ETC Securities issued under the Programme are unrated. However, a Securityholder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such Carbon ETC Securities.

Investor Notices

The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission (the "**JFSC**") as suitable investments for any other type of investor. The JFSC has not confirmed that that issuer falls within the scope of the Collective Investment Funds (Restriction of Scope) (Jersey) Order 2000. Accordingly, the JFSC takes no responsibility should the issuer fail to meet the conditions of the Collective Investment Funds (Restriction of Scope) (Jersey) Order 2000.

Any person intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

No offer of Carbon ETC Securities may be made to the public in Jersey and no offering of Carbon ETC Securities will be made at any time that could constitute the circulation of a prospectus within the meaning of the Companies (Jersey) Law 1991 by the Issuer.

The JFSC has given, and has not withdrawn its consent, under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Carbon ETC Securities. It must be distinctly understood that, in giving this consent, the JFSC does not take any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to the Issuer.

The Carbon ETC Securities may only be issued or allotted to a person:

(i) who will make or has made a minimum subscription of EUR 100,000 (or fiat currency equivalent) for Carbon ETC Securities;

(ii) who is financially sophisticated and has specialist knowledge of, and experience of investing in, investments such as Carbon ETC Securities, and who is capable of fully evaluating the risks involved in making such investments; and

(iii) who has an asset base sufficiently substantial so as to enable them to sustain any loss that might be suffered as a result of acquiring Carbon ETC Securities,

together, the "**Jersey Qualified Investor Requirements**".

The Jersey Qualified Investor Requirements above shall apply in respect of all distributions, deliveries, offers and sales of Carbon ETC Securities in any country, in addition to the relevant jurisdiction-specific restrictions on distributions, deliveries, offers and sales of Carbon ETC Securities (as applicable) and on the distribution of this Base Prospectus as further set out in the section titled "*Subscription and Sale*".

The relevant tax legislation that is applicable will, *inter alia*, depend on the identity of the relevant Securityholder (and the relevant tax jurisdictions applicable to it) and of the Issuer's country of incorporation (being Jersey). Application of the relevant tax legislation may have an impact on the income received from the Carbon ETC Securities. For further information, see the section titled "*Taxation*" of this Base Prospectus. Each investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from the purchase, holding, sale and redemption of the Carbon ETC Securities and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.

Responsibility for Base Prospectus and Permission to Use by Authorised Participants and Authorised Offerors

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus does not omit anything likely to affect the import of such information. The information sourced from DWS Investments UK Limited (as Programme Administrator), Standard Chartered Bank (as Carbon Counterparty where EUAs is specified as the relevant Allowance Type), Apex Financial Services (Corporate) Limited (as Carbon Accounts Administrator) and Citibank, N.A., London Branch (as Paying Agent) has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by DWS Investments UK Limited (as Programme Administrator), Standard Chartered Bank (as Carbon Counterparty where EUAs is specified as the relevant Allowance Type), Apex Financial Services (Corporate) Limited (as Carbon Accounts Administrator) and Citibank, N.A., London Branch (as Paying Agent) (as applicable), no facts have been omitted which would render such reproduced information inaccurate or misleading.

The Issuer permits the use of this Base Prospectus (and accepts responsibility for the information contained in this Base Prospectus) with respect to (i) subsequent resale or delivery by any Authorised Participant and (ii) subsequent resale, distribution or final placement (provided such resale, distribution or final placement is not by way of public offer of a Series of Carbon ETC Securities) by any Authorised Distributor (as defined below) or other financial intermediary (including any entity distributing, offering or selling the Carbon ETC Securities) (each Authorised Distributor or other financial intermediary, an "**Authorised Offeror**"), in respect of that Series of Carbon ETC Securities which, in each case, is an investment firm within the meaning of MiFID II and which is authorised in accordance with MiFID II in any EU member state, provided such Authorised Participant or Authorised Offeror complies with (a) the Selling Restrictions and (b) in the case of an Authorised Offeror, the Authorised Offeror Terms set out below. Such permission applies to any such resale, delivery, distribution or final placement (provided such resale, delivery, distribution or final placement (as applicable) is not by way of public offer) during the period of 12 months from the date of the Base Prospectus unless such permission is withdrawn prior to that date by notice published on the website of the Issuer at www.etf.dws.com (or such other website as may be notified to Securityholders). Other than the right of the Issuer to withdraw the permission and the aforementioned requirements applicable to Authorised Participants and Authorised Offerors, no other conditions are attached to the permission described in this paragraph. The list of Authorised Participants will be published on the website of the Issuer at: https://etf.dws.com/en-lu/audience-selection/?returnUrl=%2fen-lu%2finformation%2fetc-documents%2fannouncements%2f (or such other website as may be notified to Securityholders). However, neither the Issuer nor DWS Investments UK Limited nor any Transaction Party has any responsibility for any of the actions of any Authorised Participant or Authorised Offeror (save where it is itself an Authorised Offeror acting in that capacity), including compliance by an Authorised Participant

or an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such sale, distribution, delivery or offer (as applicable).

The relevant Authorised Offeror will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer that it will, at all times:

(A) (I) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), including MiFID II and the Rules published by the Central Bank (including the applicable requirements of the Central Bank's Consumer Protection Code) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Carbon ETC Securities by any person and any disclosure to any prospective purchaser and (II) immediately inform the Issuer if at any time such Authorised Offeror becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(B) comply with the Selling Restrictions which would apply as if it were an Authorised Participant;

(C) ensure that any fee (and any other commissions or benefits of any kind) received or paid by such Authorised Offeror in relation to the distribution, delivery, offer or sale of the Carbon ETC Securities does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to purchasers or prospective purchasers;

(D) hold all licences, consents, approvals and permissions required in connection with the solicitation of interest in, or distributions, deliveries, offers or sales of, the Carbon ETC Securities under the Rules, including authorisation under the European Communities (Markets in Financial Instruments) Regulation 2007 (as amended); and

(E) (I) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each prospective purchaser prior to initial investment in any Carbon ETC Securities by that purchaser) and (II) not permit any application for Carbon ETC Securities in circumstances where such Authorised Offeror has any suspicions as to the source of the application monies,

together, the "**Authorised Offeror Terms**".

Separately, each Authorised Participant has agreed, represented and warranted to the Issuer in the terms of its appointment under the relevant Authorised Participant Agreement that it will (amongst other things), at all times:

(1) comply with the Selling Restrictions (including the Jersey Qualified Investor Requirements and such Selling Restrictions subject to any additions and/or modifications thereto set out in the relevant issue deed relating to such Carbon ETC Securities and/or the relevant Final Terms) and will comply with all relevant laws, regulations and directives in each jurisdiction in which (X) it sells or delivers Carbon ETC Securities and in connection with its own activities in subscribing and selling back Carbon ETC Securities or (Y) it has in its possession or distributes this Base Prospectus, any Final Terms relating to the relevant Series of Carbon ETC Securities and/or any other Information Materials (as defined in the relevant Authorised Participant Agreement);

(2) ensure that all actions or things required to be taken, fulfilled or done (including, without limitation, the obtaining of any consent or licence or the making of any filing or registration) for the subscription, buy-back, sale and delivery of any Carbon ETC Securities and the performance of its obligations under the relevant Authorised Participant Agreement have been obtained and are in full force and effect;

(3) ensure that the execution and delivery of the relevant Authorised Participant Agreement and the subscription and buy-back of Carbon ETC Securities of the relevant Series of Carbon ETC Securities and the carrying out of any other transactions contemplated by the relevant Authorised Participant Agreement do not and will not (X) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting it or any agreement or instrument to which it is a party or by which it or any of its properties is bound or (Y) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it or any of its assets; and

(4) hold all licences, consents, approvals and permissions required in connection with sales and delivieries of, and its own activities in subscribing and the selling back of, the Carbon ETC Securities under the Rules.

In the event of (i) a sale or delivery being made by an Authorised Participant or (ii) a distribution, sale or offer being made by an Authorised Offeror, the Authorised Participant or the Authorised Offeror (as applicable) will provide information to prospective purchasers on the terms and conditions of the sale, delivery, distribution or offer (as applicable) at the time the sale, delivery, distribution or offer (as applicable) is made.

Any offer, delivery, distribution or sale of Carbon ETC Securities to a prospective purchaser by an Authorised Participant or an Authorised Offeror (as applicable) will be made in accordance with any terms and other arrangements in place between such Authorised Participant or Authorised Offeror (as applicable) and such prospective purchaser including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus or Final Terms, it will be the responsibility of the applicable Authorised Participant or Authorised Offeror (as applicable) at the time of such offer, delivery, distribution or sale (as applicable) to provide the prospective purchaser with that information and neither the Issuer, nor the Programme Administrator, other Authorised Participant or other Authorised Offeror has any responsibility or liability for such information.

In respect of jurisdictions other than those set out in the section titled "*Subscription and Sale*", (i) each Authorised Participant and (ii) each Authorised Offeror shall be prohibited from (a) in the case of an Authorised Participant, selling or delivering Carbon ETC Securities; and (b) in the case of an Authorised Offeror, distributing, offering or selling the Carbon ETC Securities, in each case, pursuant to this Base Prospectus other than in accordance with all applicable laws, regulations and directives in the relevant jurisdiction and the Jersey Qualified Investor Requirements. Any such distribution, offer, sale or delivery (as applicable) of Carbon ETC Securities in such jurisdictions shall be further subject to express written consent by the Issuer and the Programme Administrator.

Other than as set out above, the Issuer has not authorised (nor does it authorise or permit the use of this Base Prospectus in connection with) any resale, delivery, distribution or final placement of the Carbon ETC Securities by any person in any circumstances. For the avoidance of doubt, the Issuer has not authorised (nor does it authorise or permit the use of this Base Prospectus in connection with) any resale, delivery, distribution or final placement of the Carbon ETC Securities by way of a public offer by any person in any circumstances. Any such unauthorised sales, deliveries, distributions or offers (as applicable) are not made on behalf of the Issuer, Authorised Participants or Authorised Offerors and none of the Issuer, Authorised Participants or Authorised Offerors has any responsibility or liability for the actions of any person making such sales, deliveries, distributions or offers (as applicable). Prospective purchasers should enquire whether a financial intermediary is an Authorised Participant or an Authorised Offeror. If a prospective purchaser (i) is being sold or delivered Carbon ETC Securities by a person or entity which is not an Authorised Participant or (ii) is being sold, distributed or offered Carbon ETC Securities by a person or entity which is not an Authorised Offeror, the prospective purchaser should check with such person or entity whether such entity is responsible for this Base Prospectus in the context of such sale, delivery, distribution or offer of Carbon ETC Securities (as applicable). If the prospective purchaser is in doubt about

whether it can rely on the Base Prospectus and/or who is responsible for its contents, it should take legal advice.

To the fullest extent permitted by law, no Authorised Participant, Authorised Offeror or Transaction Party accepts any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer or the issue and offering of the Carbon ETC Securities. Each Authorised Participant, Authorised Offeror and Transaction Party disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus, the Carbon ETC Securities, any Transaction Document or any such statement.

Distributors or brokers in connection with the offering of Carbon ETC Securities may be appointed and may be paid commissions or fees in relation to the relevant Series of Carbon ETC Securities (any such appointed distributor or broker being an "**Authorised Distributor**"). If any commissions or fees relating to the issue, delivery, distribution and sale of these Carbon ETC Securities have been paid or are payable to an Authorised Distributor, then such Authorised Distributor may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such distributor or broker, including any legislation, regulation and/or rule implementing MiFID II, or as otherwise may apply in any non-EEA jurisdictions. Prospective purchasers of these Carbon ETC Securities should ensure that they have been informed about the fee or commission arrangements by any Authorised Distributor before making any purchase of the Carbon ETC Securities.

Other Representations not to be relied on

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Carbon ETC Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Programme Administrator, any Authorised Participant, any Authorised Offeror, the Determination Agent or any other Transaction Party.

Possible Change in Circumstances of the Issuer

Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Prospective purchasers to Make Own Assessment

This document identifies in general terms certain information that a prospective purchaser should consider prior to making an investment in the Carbon ETC Securities. However, a prospective purchaser should conduct its own thorough analysis (including its own accounting, legal, regulatory, financial, tax, environmental, social and governance analysis) prior to deciding whether to invest in any Carbon ETC Securities issued under the Programme. Any evaluation of the suitability for a prospective purchaser of an investment in Carbon ETC Securities issued under the Programme depends upon that prospective purchaser's particular financial and other circumstances, as well as on the specific terms of the relevant Carbon ETC Securities.

Carbon ETC Securities issued under the Programme are not sustainability-linked instruments and the information contained in this Base Prospectus does not consider sustainability factors. In addition, this Base Prospectus does not, directly or implicitly, provide any environmental, social or governance advice on any matter whatsoever and prospective purchasers should consult with any advisors they deem appropriate prior to a purchase of Carbon ETC Securities.

Fees, Costs and Charges

This Base Prospectus and the Final Terms relating to the Carbon ETC Securities contain certain information relating to fees and costs and charges applicable to the Carbon ETC Securities. If the prospective purchaser is advised by third parties (in particular companies providing services related to financial instruments, such as credit institutions and investment firms) when acquiring the Carbon ETC Securities, or if the third parties mediate the purchase, such third parties may have to provide the prospective purchaser, as the case may be, with a breakdown of costs and charges or expense ratios that are not laid out in the cost details in this Base Prospectus or the Final Terms relating to the Carbon ETC Securities.

Prospective purchasers should note that the information provided by third parties on all relevant costs and charges may vary from one party to the other due to these third parties additionally invoicing the costs of their own services (e.g. a surcharge or, where applicable, recurrent brokering or advisory fees, depositary fees, etc.).

Benchmark Administrators

Under Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"), benchmark administrators had to apply for authorisation or registration as an administrator before 1 January 2020. Upon such authorisation or registration, the benchmark administrator or the benchmark will appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (the "**EU Register**"). In respect of Carbon ETC Securities the return on which is linked to the performance of EUAs, amounts payable thereunder may be calculated by reference to the EEX EUA Spot, which is provided by European Energy Exchange AG (the "**EEX**"). As at the date of this Base Prospectus, EEX appears on the EU Register.

The Master Terms and Conditions of the Carbon ETC Securities set out the actions that will be taken in the event that a benchmark materially changes or ceases to be provided in accordance with article 28 of the Benchmark Regulation.

No Investment Advice or Assessment of Suitability or Lawfulness of Acquisition

This document is not, and does not purport to be, investment advice, and none of the Issuer, the Programme Administrator or any other Transaction Party makes any recommendation as to the suitability of the Carbon ETC Securities as an investment. The provision of this document to prospective purchasers is not based on any prospective purchaser's individual circumstances and should not be relied upon as an assessment of suitability for any prospective purchaser of the Carbon ETC Securities. Even if the Issuer, the Programme Administrator or another Transaction Party possesses information as to the objectives of any prospective purchaser in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for such person of the Carbon ETC Securities. Any trading or investment decisions a prospective purchaser takes are in reliance on its own analysis and judgment and/or that of its advisers and not in reliance on the Issuer, the Programme Administrator, any other Transaction Party or any of their respective Affiliates.

None of the Issuer, the Programme Administrator, any other Transaction Party nor any Affiliate of such persons has or assumes responsibility for the lawfulness of the acquisition of the Carbon ETC Securities

by a prospective purchaser of the Carbon ETC Securities (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or any jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

Distribution and No Offer

The distribution of this Base Prospectus and the offer, sale, distribution or delivery of the Carbon ETC Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, all Authorised Participants, all Authorised Offerors and the Programme Administrator to inform themselves about and to observe any such restrictions.

The Jersey Qualified Investor Requirements shall apply in respect of all offers, sales, distributions and deliveries of Carbon ETC Securities in any country, in addition to the relevant jurisdiction-specific restrictions on offers, sales, distributions and deliveries of Carbon ETC Securities and on the distribution of this Base Prospectus as further set out in the section titled "*Subscription and Sale*".

For the avoidance of doubt, the Carbon ETC Securities are not intended to be offered, sold, delivered, distributed or otherwise made available to and should not be offered, sold, delivered, distributed or otherwise made available at any time to any retail investor (and, for the avoidance of doubt, this means any retail investor within or outside (i) the European Economic Area (the "**EEA**") or (ii) the United Kingdom (the "**UK**")). For these purposes, a retail investor means a person who is one (or more) of: (i) a "retail client" as defined in point (11) of Article 4(1) of MiFID II or a "retail client", as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of "retained EU law", as defined in the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended) or within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under FSMA to implement Directive (EU) 2016/97, in each case, where that customer would not qualify as a professional client as defined in, respectively, point (10) of Article 4(1) of MiFID II and point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of "retained EU law", as defined in the EUWA; or (iii) not a qualified investor as defined in the Prospectus Regulation or Article 2 of Regulation (EU) 2017/1129 as it forms part of "retained EU law", as defined in the EUWA (the "**UK Prospectus Regulation**").

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") or the PRIIPs Regulation as it forms part of "retained EU law", as defined in the EUWA (the "**UK PRIIPs Regulation**") for offering, selling, delivering or distributing the Carbon ETC Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering, selling, delivering or distributing the Carbon ETC Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation or the UK PRIIPs Regulation.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Programme Administrator or any Transaction Party to subscribe for, or purchase, any Carbon ETC Securities.

Carbon ETC Securities issued under the Programme will not be offered, sold, delivered, distributed or otherwise made available in Belgium to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

United States Selling Restrictions

THE CARBON ETC SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR UNDER

THE SECURITIES LAW OF ANY STATE OR POLITICAL SUB-DIVISION OF THE UNITED STATES OF AMERICA OR ANY OF ITS TERRITORIES, POSSESSIONS OR OTHER AREAS SUBJECT TO ITS JURISDICTION INCLUDING THE COMMONWEALTH OF PUERTO RICO. THE CARBON ETC SECURITIES INCLUDE CARBON ETC SECURITIES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NO PERSON HAS REGISTERED NOR WILL REGISTER AS A COMMODITY POOL OPERATOR OF THE ISSUER UNDER THE COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "**CEA**") AND THE RULES THEREUNDER (THE "**CFTC RULES**") OF THE COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**"). THE ISSUER HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER ANY UNITED STATES FEDERAL LAWS. ANY OFFER, SALE, PLEDGE, DELIVERY, DISTRIBUTION OR TRANSFER OF THE CARBON ETC SECURITIES MUST BE MADE IN AN OFFSHORE TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PURSUANT TO REGULATION S THEREUNDER ("**REGULATION S**").

THE CARBON ETC SECURITIES MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED, DELIVERED, DISTRIBUTED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS WHO ARE EITHER (A) U.S. PERSONS AS DEFINED IN REGULATION S, (B) PERSONS WHO DO NOT COME WITHIN THE DEFINITION OF A NON-UNITED STATES PERSON UNDER CFTC RULE 4.7 (EXCLUDING FOR THE PURPOSES OF SUBSECTION (D) THEREOF, THE EXCEPTION TO THE EXTENT IT WOULD APPLY TO PERSONS WHO ARE NOT NON-UNITED STATES PERSONS) AND (C) A "RESIDENT OF THE UNITED STATES" FOR THE PURPOSES OF, AND AS DEFINED IN IMPLEMENTING REGULATIONS PROPOSED OR ISSUED UNDER, SECTION 13 OF THE BANK HOLDING COMPANY OF 1956, AS AMENDED (ANY SUCH PERSON DESCRIBED IN SUB-PARAGRAPHS (A), (B) AND (C) ABOVE, A "**NON-PERMITTED TRANSFEREE**"). ANY OFFER, SALE, PLEDGE, DELIVERY, DISTRIBUTION OR TRANSFER OF THE CARBON ETC SECURITIES WITHIN THE UNITED STATES OR TO ANY NON-PERMITTED TRANSFEREE ARE PROHIBITED.

ANY UNITED STATES PERSON THAT HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). FOR A DESCRIPTION OF FURTHER RESTRICTIONS ON THE OFFER, SALE, PLEDGE, DELIVERY, DISTRIBUTION AND TRANSFER OF THE CARBON ETC SECURITIES, PLEASE REFER TO THE "UNITED STATES" SUB-SECTION IN THE "SUBSCRIPTION AND SALE" SECTION OF THIS BASE PROSPECTUS.

THE CARBON ETC SECURITIES MAY NOT BE LEGALLY OR BENEFICIALLY OWNED BY ANY ENTITY THAT IS, OR THAT IS USING THE ASSETS OF, (A)(I) AN "**EMPLOYEE BENEFIT PLAN**" (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENTS OF TITLE I OF ERISA, (II) A "**PLAN**" TO WHICH SECTION 4975 OF THE CODE APPLIES, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" (AS DETERMINED PURSUANT TO THE "**PLAN ASSETS REGULATION**" ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR AT 29 C.F.R. SECTION 2510.3-101 AS MODIFIED BY SECTION 3(42) OF ERISA) OR OTHERWISE UNDER ERISA BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY SUCH PLAN OR ENTITY DESCRIBED IN (I), (II) OR (III), A "**BENEFIT PLAN INVESTOR**") OR (B) A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT IS SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW**") UNLESS ITS ACQUISITION AND HOLDING AND DISPOSITION OF ANY CARBON ETC SECURITY, OR ANY INTEREST THEREIN, HAS NOT AND WILL NOT CONSTITUTE A VIOLATION OF SUCH SIMILAR LAW.

EACH PERSON WHO OFFERS, SELLS, PLEDGES, DISTRIBUTES, DELIVERS OR OTHERWISE TRANSFERS THE CARBON ETC SECURITIES HAS EXCLUSIVE RESPONSIBILITY FOR ENSURING THAT ITS OFFER, SALE, PLEDGE, DELIVERY, DISTRIBUTION OR OTHER TRANSFER IS NOT TO OR FOR THE ACCOUNT OR BENEFIT OF ANY NON-PERMITTED TRANSFEREE AS OF THE DATE OF SUCH OFFER, SALE, PLEDGE, DELIVERY, DISTRIBUTION OR OTHER TRANSFER**.**

No Verification or Review by Programme Administrator or any other Transaction Party

None of the Programme Administrator or any other Transaction Party has separately verified the information contained in this Base Prospectus (save as otherwise provided above) and accordingly none of them makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may, at any time, be supplied in connection with the Carbon ETC Securities or their distribution and none of them accepts any responsibility or liability therefor. None of the Programme Administrator or any other Transaction Party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus or to advise any purchaser or prospective purchaser of the Carbon ETC Securities of any information coming to their attention.

Issuer obligations only

No person other than the Issuer will be obliged to make payments on the Carbon ETC Securities of any Series and the Carbon ETC Securities issued under the Programme will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Carbon ETC Securities (i) do not represent an interest in and will not be obligations of, or insured or guaranteed by, the Programme Administrator, any Transaction Party or any Affiliate or any company associated with any of them, (ii) will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme and (iii) are not insured or guaranteed by any government, government agency or other body.

Clearing systems

As the Carbon ETC Securities will be held through a clearing system, the legal "holder" (the "**Securityholder**") will either be the entity nominated by the clearing system as the depositary for the Carbon ETC Securities or the person entered in the register as the Securityholder. As a purchaser, your rights in relation to the Carbon ETC Securities will be governed by the contract you have with your broker, custodian or other entity through which you hold your interest in the Carbon ETC Securities and the contracts they have with the clearing system and any intermediaries in between. Accordingly, where this Base Prospectus describes a right as being owed to, or exercisable by, a Securityholder then your ability to benefit from or exercise such right will be dependent on the terms of the contracts in such chain.

Where the Carbon ETC Securities are held through a clearing system, because rights under the Carbon ETC Securities can only be exercised by the Securityholders, you must contact the custodian, broker or other entity through which you hold your interest in the Carbon ETC Securities if you wish for any vote to be cast or direction to be given on your behalf.

Collective investment scheme

The Carbon ETC Securities are debt securities and do not take the form of a collective investment scheme or fund. However, there can be no assurance that the courts or regulatory authorities in any jurisdiction would not recharacterise the Carbon ETC Securities as units in a collective investment scheme or a fund. Any recharacterisation of the Carbon ETC Securities as units in a collective investment scheme or a fund may have adverse consequences (including, without limitation, adverse tax consequences) for a purchaser.

Prospective purchasers comprising a scheme which is an undertaking for collective investment in transferable securities subject to the Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (No 2009/65/EC) (the "**UCITS Directive**"), as amended or supplemented, need to satisfy themselves that an investment in the Carbon ETC Securities would comply with any regulations and/or guidelines applicable to them pursuant to the UCITS Directive and any laws, regulations or guidelines of their jurisdiction of incorporation and would be in line with their individual investment objectives.

Each Series of Carbon ETC Securities is linked to a number of Allowance(s). Prospective purchasers who are subject to the requirements of the UCITS Directive need to satisfy themselves that any purchase of Carbon ETC Securities conforms to the eligibility criteria required in accordance with the UCITS Directive.

Interpretation

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**euro**", "**EUR**" and "**€**" are to the lawful currency of those Member States of the EU that have adopted the single currency of the EU.

Supplementary Prospectus

The Issuer shall prepare a supplement to this Base Prospectus, or publish a new base prospectus whenever required by the guidelines of any stock exchange on which Carbon ETC Securities are listed or pursuant to Article 23 of the Prospectus Regulation if there is a significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus which may affect the assessment of the Carbon ETC Securities.

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This table sets out the contents of this Base Prospectus together with an outline description of the contents of each section.

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Overview of the Programme	15	*This section provides an overview of the key information contained within this Base Prospectus with placeholders for information specific to each issue of Carbon ETC Securities.*
Risk Factors	30	*This section sets out the principal risks inherent in investing in Carbon ETC Securities, including key risks relating to investments linked to Allowance(s).*
Conflicts of Interest	57	*This section sets out any potential conflicts of interest between the Transaction Parties relating to the Carbon ETC Securities.*
Overview of the Potential for Discretionary Determinations by the Issuer, the Carbon Counterparty and the Programme Administrator	59	*This section provides an overview of the potential for discretionary determinations by the Issuer, the Carbon Counterparty and the Programme Administrator.*
Worked Examples	78	*This section sets out several worked examples in respect of the Carbon ETC Securities.*
Description of the Allowance(s)	81	*This section sets out general information about the Allowance(s).*
Master Terms and Conditions of the Carbon ETC Securities	83	*This section sets out the detailed contractual terms of the Carbon ETC Securities. Where the Master Terms and Conditions of the Carbon ETC Securities indicate that an option may be specified in the Final Terms, the Final Terms will indicate which of these options shall apply.*
Further Information Concerning Certain Transaction Documents	182	*This section sets out descriptions of the main agreements entered into by the Issuer in respect of the Carbon ETC Securities.*
Reasons for the Offer and Use of Proceeds	191	*This section describes what the Issuer does with the issue proceeds of the Carbon ETC Securities.*
Description of the Issuer	192	*This section provides a description of the Issuer's activities as well as certain financial information in respect of the Issuer.*
Information Concerning the Carbon Counterparty, the Carbon Accounts Administrator, the Programme Administrator and the Paying Agent	194	*This section gives disclosure regarding certain important parties who have a role in relation to the Programme.*

Section of Base Prospectus	Pages	What is covered by this Section?
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Subscription and Sale	204	*This section sets out certain restrictions as to who can purchase Carbon ETC Securities in certain jurisdictions.*
Form of Final Terms	216	*This section sets out a template for the Final Terms to be used for each specific issuance of Carbon ETC Securities.*
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Glossary	225	*This section contains a glossary of all defined terms used in this Base Prospectus.*

OVERVIEW OF THE PROGRAMME

Issuer's principal activities including an overview of the parties to the programme

Xtrackers (Jersey) ETC PLC (the "**Issuer**") is a special purpose vehicle whose sole business is the issue of asset backed securities. The Issuer has established this programme for the issue of Carbon ETC Securities whose return is linked to the price of specified allowances, credits, permits, rights or similar assets which represent a volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances, credits, permits, rights, or similar assets. Each Series of Carbon ETC Securities will be separate (or "ring-fenced") from each other Series of Carbon ETC Securities. As at the date of this Base Prospectus, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances.

A number of other parties have roles in connection with the Programme:

Programme Administrator: DWS Investments UK Limited is the programme administrator (the "**Programme Administrator**") under the Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme of the Issuer (as renamed in the sole discretion of the Issuer from time to time) (the "**Programme**"). In such role, it provides such assistance to the Issuer as may reasonably be required, from time to time, for the operation of the Programme in the ordinary course of business. Its duties include the calculations, determinations and other duties expressed to be performed by it in the Conditions.

Trustee: Apex Corporate Trustees (UK) Limited will act as trustee in respect of each Series of Carbon ETC Securities (the "**Trustee**"). The Trustee acts as trustee for the holders of Carbon ETC Securities and also as security trustee (holding the benefit of the security granted by the Issuer over certain of its assets in respect of a Series on trust for the Securityholders and other Transaction Parties in respect of that Series).

Determination Agent: Apex Fund Services (Ireland) Limited acts as determination agent (the "**Determination Agent**") in respect of each Series of Carbon ETC Securities. Its duties include the calculation and determination of certain amounts, prices, rates or values in respect of each Series (such as the calculation of the value of the Carbon ETC Securities) as well as performing certain administrative tasks for the Issuer with respect to the Carbon ETC Securities (such as delivering certain notices, consents, authorisations, certifications or instructions).

Carbon Counterparty: The Carbon Counterparty will be specified in the Final Terms and acts as carbon counterparty (the "**Carbon Counterparty**") in respect of the relevant Series of Carbon ETC Securities. Pursuant to, and subject to the terms of, the relevant Carbon Counterparty Agreement, it agrees to purchase Allowance(s) held in respect of such Series from the Issuer in connection with the redemption of the relevant Series of Carbon ETC Securities, whether at final maturity, on an early redemption or on an ongoing basis to enable the Issuer to pay the net sale proceeds from the sale of the Product Fee Allowance(s) (which funds the Product Fee) to the Programme Administrator.

Carbon Accounts Administrator: The Carbon Accounts Administrator will be specified in the Final Terms and acts as the carbon accounts administrator (the "**Carbon Accounts Administrator**") in respect of the relevant Series of Carbon ETC Securities. Where the Final Terms for any Series specifies (i) EUAs as the relevant Allowance Type and (ii) European Depositary Bank S.A. as the Custodian, Apex Financial Services (Corporate) Limited shall act as the carbon account(s) administrator (the "**Carbon Accounts Administrator**") being the entity which, *inter alia*, manages the operation of the Series Carbon Account by giving instructions to the Custodian on behalf of the Issuer.

In connection with a subscription of Carbon ETC Securities, the relevant number of Allowance(s) shall be delivered by the Seed Authorised Participant or an Authorised Participant (as applicable) to the Series Carbon Account on the original Series Issue Date (in respect of an initial issuance of a Series of Carbon

ETC Securities) or on or before the original Subscription Settlement Date as separately agreed between the parties from time to time (in respect of any subsequent Tranche of the Carbon ETC Securities issued after the Series Issue Date in respect of a Series) and in each case, by such time as separately agreed between the parties. In the event that the corresponding Carbon ETC Securities fail to settle by the date specified in the relevant Authorised Participant Agreement due to a failure by the Issuer to issue and settle the relevant Carbon ETC Securities and the relevant subscription order is cancelled pursuant to such Authorised Participant Agreement, the Allowance(s) delivered to the Issuer (such Allowance(s) held via the Custodian) relating to the failed subscription order shall be returned to the relevant Seed Authorised Participant or Authorised Participant (as applicable).

The claims and rights of the Issuer against the Custodian in connection to the Custody Agreement related to Allowance(s) transferred to the Issuer (such Allowance(s) held via the Custodian) and held in the relevant Series Carbon Account (including any Allowance(s) transferred to the Issuer (such Allowance(s) held via the Custodian) prior to the issuance and settlement of the corresponding Carbon ETC Securities) forms part of the secured property in respect of the Series of Carbon ETC Securities immediately following receipt of such Allowance(s) by the Issuer (such Allowance(s) held via the Custodian).

Custodian: The Issuer will hold (via the Custodian) any Allowance(s) in respect of a Series of Carbon ETC Securities in a secured carbon account in respect of the relevant Series of Carbon ETC Securities (such account, a "**Series Carbon Account**"). Such Series Carbon Account is opened in the Custodian's name for the benefit of the Issuer and a separate segregated Series Carbon Account shall be opened and maintained in respect of each Series of Carbon ETC Securities.

The Custodian will be specified in the Final Terms and acts as the custodian (the "**Custodian**") in respect of the relevant Series of Carbon ETC Securities. Where the Final Terms for any Series specifies (i) EUAs as the relevant Allowance Type and (ii) European Depositary Bank S.A. as the Custodian, European Depositary Bank S.A. shall act as the custodian (the "**Custodian**") being the entity which, *inter alia*, holds, on the Issuer's behalf, any Allowance(s) that the Issuer has beneficial rights to in respect of a Series and maintains and operates (on the instructions of the Issuer, the Carbon Accounts Administrator, or the Trustee, as applicable) the Series Carbon Account on behalf of the Issuer. The Custodian shall also maintain a record indicating the aggregate number of the Allowance(s) held in the Series Carbon Account in respect of each Series of Carbon ETC Securities.

Issuing Agent: Apex Fund Services (Ireland) Limited is the issuing agent (the "**Issuing Agent**") being the entity which, *inter alia*, provides assistance to the Issuer in the performance of its obligations with respect to the subscription and buy-back of Carbon ETC Securities and authenticates the global security in respect of a Series of Carbon ETC Securities, delivers it to the common depositary or common safekeeper (as applicable) and instructs the clearing system(s) to hold the Carbon ETC Securities. In respect of a subscription or a buy-back, the duties of the Issuing Agent include (i) confirming whether the conditions to a valid Subscription Order or a Buy-Back Order are satisfied, (ii) validating the Subscription Settlement Amount (being the number of Allowance(s) to be delivered by the Authorised Participant to the Issuer in respect of a subscription order following the Series Issue Date, as determined pursuant to the relevant Authorised Participant Agreement) specified in such Subscription Order or the Buy-Back Redemption Amount specified in such Buy-Back Order, (iii) notifying the Authorised Participant of a cancellation of a Subscription Order or a Buy-Back Order following the delivery of a Disruption Event Notice relating to the Subscription Trade Date or Buy-Back Trade Date (as defined in the relevant Authorised Participation Agreement) in each case in respect of certain events, (iv) rejecting a Subscription Order or a Buy-Back Order in certain circumstances and (v) delivering notices of cancellation of a subscription or issuance or a Buy-Back Order where there has been a settlement failure in respect of a Subscription Order or a Buy-Back Order.

Paying Agent: Citibank, N.A., London Branch is the paying agent (the "**Paying Agent**") being the entity which, *inter alia*, makes payments under the Carbon ETC Securities and in respect of a relevant Series of Carbon ETC Securities, upon receipt of any announcement, circular or information received from the

Issuer, communicates such announcement, circular or information to the common depositary or common safekeeper (as applicable) and the Relevant Clearing System(s).

Common Safekeeper/Common Depositary: The global security in respect of a Series of Carbon ETC Securities will be deposited with a common safekeeper or common depositary (as applicable) for Euroclear Bank SA/NV and Clearstream Banking S.A.. The common safekeeper and common depositary (as applicable) will be the entity which, *inter alia*, safekeeps the global security in respect of the Series of Carbon ETC Securities and who will act on the Issuing Agent's instructions to mark-up or mark-down the aggregate nominal amount of the Global Security in respect of such Series.

Authorised Participants: The Authorised Participants are the only entities allowed to buy and sell Carbon ETC Securities directly from and to the Issuer. Any such purchase or sale is made by the Authorised Participant delivering or receiving a number of the Allowance(s) equal to the prevailing allowance entitlement per Carbon ETC Security. Authorised Participants may also act as market makers, i.e. they may buy and sell Carbon ETC Securities from and to investors on an over-the-counter basis or via a stock exchange. However, not all market makers need to be Authorised Participants.

Certain entities performing the above roles may resign (or, in the case of the Carbon Counterparty may unilaterally terminate its agreement to act) or, in certain cases, an entity may be removed from its role, and be replaced subject to the replacement entity satisfying such eligibility requirements (if applicable) as set out in the Conditions and the relevant Transaction Document.

Description of underlying assets

The underlying assets for any Series of Carbon ETC Securities may consist of specified allowances, credits, permits, rights or similar assets which represent a specific volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances, credits, permits, rights, or similar assets (the "**Allowance(s)**"). As at the date of this Base Prospectus, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances. The Issuer may hold either (or a combination of) EU allowances allocated in Phase III (1 January 2013 to 31 December 2020) of the EU ETS or EU allowances allocated in Phase IV (1 January 2021 to 31 December 2030) of the EU ETS.

The main assets of the Issuer in respect of a Series of Carbon ETC Securities are the Allowance(s) held by the Issuer (via the Custodian), cash held by the Issuer (following sale of the Allowance(s)) and its interests under certain transaction documents (including under the related carbon counterparty agreement entered into by the Issuer and the Carbon Counterparty (the "**Carbon Counterparty Agreement**")). The Allowance(s) backing each Series of Carbon ETC Securities may be sold by the Issuer to service any payment due and payable on the Carbon ETC Securities and to fund the payment of product fee to the Programme Administrator, which in turn shall be used by the Programme Administrator to pay certain costs of the Programme and the Issuer more generally.

The Carbon ETC Securities are designed to provide purchasers with exposure to Allowance(s) of a specified type, without having to take physical delivery of them. Each Series of Carbon ETC Securities relates to a number of Allowance(s) and each Tranche of Carbon ETC Securities has an allowance(s) entitlement per Carbon ETC Security specified in the relevant Final Terms. On any particular day, the Carbon ETC Security can be viewed as giving an exposure to a number of Allowance(s) – the amount payable to Securityholders on final redemption or early redemption of the relevant Carbon ETC Securities is linked to the value of the Allowance(s) (subject to the occurrence of events as further set out in the Conditions, including emissions-related disruption events). In addition, the Value per Carbon ETC Security is similarly linked to the value of such Allowance(s). In order to back its obligations under the Carbon ETC Securities, the Issuer will seek to hold enough Allowance(s) to meet its obligations under the Carbon ETC Securities. The precise number it holds at any time may be more or less than the aggregate number of the allowance(s) entitlement per Carbon ETC Security, reflecting the periodic payment of product fees.

Because the Issuer obtains its exposure to the Allowance(s) by physically investing directly in the relevant Allowance(s), these types of Carbon ETC Securities are known as physical replication exchange traded commodities. Upon maturity, the Carbon ETC Securities will pay an amount linked to the performance of such Allowance(s) (being proceeds from the disposal of the relevant Underlying Allowance(s), subject to deduction of a fee and to certain minimum amounts owed, and subject further to the occurrence of events as further set out in the Conditions, including emissions-related disruption events). For the avoidance of doubt, holders of Carbon ETC Securities do not have the right to receive delivery of any Underlying Allowance(s) on early redemption or final redemption – any amounts payable on the Carbon ETC Securities on redemption will be made in cash and investing in the Carbon ETC Securities will not make an investor the owner of the Allowance(s) in respect of a Series.

Description of the structure of the transaction

Each Carbon ETC Security is issued by the Issuer to an Authorised Participant. The Issuer will, as subscription proceeds for the issue of Carbon ETC Securities, receive an aggregate number of the relevant Allowance(s) from the Authorised Participants subscribing for the Carbon ETC Securities sufficient to cover the aggregate Initial Allowance(s) Entitlement per Carbon ETC Security or the Allowance(s) Entitlement per Carbon ETC Security (as applicable) for such Carbon ETC Securities. Such Allowance(s) shall be delivered to the Series Carbon Account opened in the name of the Custodian (such Allowance(s) held by the Custodian on behalf of the Issuer) on the Series Issue Date (in respect of an initial issuance of a Series of Carbon ETC Securities) or on or before the relevant Subscription Settlement Date as separately agreed between the parties from time to time (in respect of any subsequent Tranche of the Carbon ETC Securities issued after the Series Issue Date in respect of a Series), and in each case, by such time as separately agreed between the parties in respect of the relevant Series of Carbon ETC Securities. The Issuing Agent on behalf of the Issuer shall cause the relevant Carbon ETC Securities to be issued and settled on the relevant Series Issue Date (in respect of an initial issuance of a Series of Carbon ETC Securities) or relevant Subscription Settlement Date (in respect of any subsequent Tranche of the Carbon ETC Securities issued after the Series Issue Date in respect of a Series) (as applicable) and the Carbon ETC Securities shall be settled in accordance with the relevant Authorised Participant Agreement. If, following delivery of the relevant Allowance(s) to the Series Carbon Account, the related Carbon ETC Securities in respect of such Allowance(s) fail to settle on or before the 5th Business Day following the original Series Issue Date (in respect of an initial issuance of a Series of Carbon ETC Securities) or original Subscription Settlement Date (in respect of any subsequent Tranche of the Carbon ETC Securities issued after the Series Issue Date in respect of a Series) (as applicable and as defined in, and in accordance with, the relevant Authorised Participant Agreement) due to a failure by the Issuer to issue and settle the relevant Carbon ETC Securities, such relevant Allowance(s) shall be re-delivered to the corresponding Seed Authorised Participant or Authorised Participant (as applicable and as defined in the relevant Authorised Participant Agreement) following cancellation of the corresponding subscription order.

The Issuer will hold such Allowance(s) via the Custodian (but the Carbon Accounts Administrator will instruct (on the Issuer's behalf) the Custodian in relation to the relevant Series Carbon Account(s)).

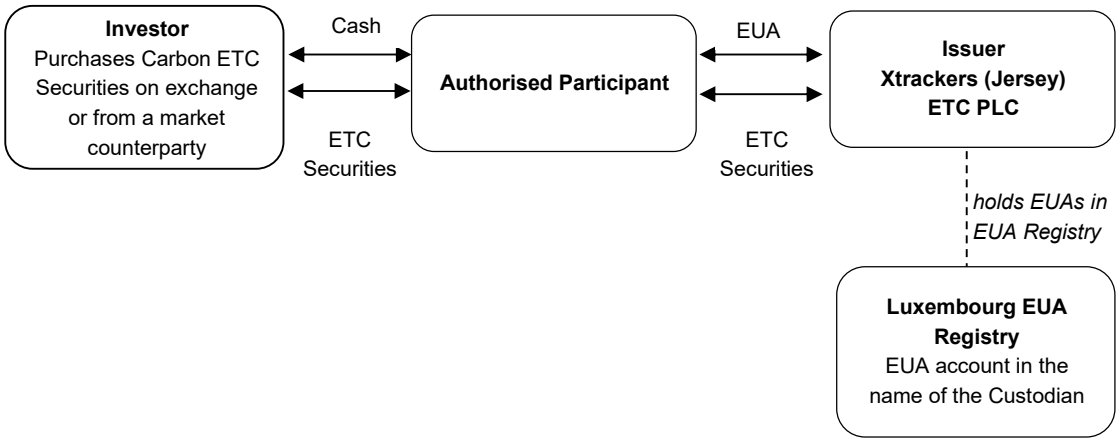
The Carbon ETC Securities are subject to a product fee that accrues on a daily basis. Accrued product fee is paid by a daily reduction in the allowance(s) entitlement per Carbon ETC Security which, as a result of such reduction, operates as a charge on holders of Carbon ETC Securities. The Issuer will periodically sell the Allowance(s) equal to such charge (subject to rounding, as further set out in the section titled "*Product Fee*" below) to the Carbon Counterparty and the sale proceeds (net of any deductions that the Carbon Counterparty is entitled to make in accordance with the provisions of the relevant Carbon Counterparty Agreement) will be credited to the Series Cash Account in relation to that Series of Carbon ETC Securities and used by the Issuer to pay such net sale proceeds from the sale of Product Fee Allowance(s) (which funds the Product Fee) to the Programme Administrator in accordance with the Programme Administrator Agreement. Such sale by the Issuer to the Carbon Counterparty will happen on a periodic (typically on a monthly or quarterly) basis. The Programme Administrator Agreement provides that the Programme

Administrator will use such net sale proceeds in relation to each Series of Carbon ETC Securities to pay on behalf of the Issuer certain costs of the Programme (as set out in the schedule to the Programme Administrator Agreement) and the Issuer more generally.

For example, if 100,000 units of Carbon ETC Securities were issued with an Initial Allowance(s) Entitlement per Carbon ETC Security of 1.0000000000 metric tonnes, this would mean that the Authorised Participant would have to deliver 100,000 metric tonnes of EUAs for such issuance. The Initial Allowance(s) Entitlement per Carbon ETC Security of a Carbon ETC Security in respect of the Series Issue Date will be specified in the relevant Final Terms. Thereafter, the Allowance(s) Entitlement per Carbon ETC Security is equal to the Allowance(s) Entitlement per Carbon ETC Security for the immediately preceding valuation day, less any accrued fees. Subject to any market disruptions, the Determination Agent is required to calculate the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security in respect of each valuation day. A valuation day is a business day on which none of certain disruption events more fully set out in the terms and conditions have occurred.

No amounts are payable under the Carbon ETC Securities prior to their scheduled maturity date (the "**Scheduled Maturity Date**" being such date as specified in the relevant Final Terms, which shall be a date no earlier than the 8th Business Day following the last day of the Final Redemption Disposal Period, subject to postponement) unless the Carbon ETC Securities redeem early. Securityholders can only realise value from a Carbon ETC Security prior to its Scheduled Maturity Date (subject to the occurrence of early redemption events) by selling it in a secondary transaction to an Authorised Participant or other broker or intermediary at the price agreed between them (which may be an amount which is more than, equal to, or less than the market price at the time). Investors may not request a buy-back directly from the Issuer - only Authorised Participants can request buy-backs of Carbon ETC Securities directly from the Issuer in accordance with the terms of the relevant authorised participant agreement (and such Authorised Participant would, in respect of a buy-back, receive a number of Allowance(s) equal to the Buy-Back Redemption Amount from the Issuer). Carbon ETC Securities which are purchased by the Issuer from an Authorised Participant in respect of a buy-back are cancelled. For the avoidance of doubt, in the case where an Authorised Participant requests a buy-back of Carbon ETC Securities following its purchase of such Carbon ETC Securities from an investor, the amount that the Authorised Participant agrees to pay such investor may be more than, equal to, or less than the Value per Carbon ETC Security in respect of the corresponding buy-back trade date.

A diagram showing the principal aspects of the structure is set out below:



Description of the flow of funds

The Issuer will, as subscription proceeds for the issue of Carbon ETC Securities, receive an aggregate number of the relevant Allowance(s) from the Authorised Participants subscribing for the Carbon ETC Securities sufficient to cover the aggregate Initial Allowance(s) Entitlement per Carbon ETC Security or the Allowance(s) Entitlement per Carbon ETC Security (as applicable) for such Carbon ETC Securities.

Issuance and settlement of the corresponding Carbon ETC Securities shall occur pursuant to the relevant Agency Agreement and Authorised Participant Agreement, as described in the section "*Description of the structure of the transaction*" above.

The Issuer funds payments under the Carbon ETC Securities on an early or final redemption from the net proceeds of the sale of the Underlying Allowance(s) by the Issuer to the Carbon Counterparty in respect of the relevant Series of Carbon ETC Securities.

The Carbon Counterparty will purchase the relevant Underlying Allowance(s) from the Issuer during a specified Early Redemption Disposal Period or a specified Final Redemption Disposal Period (as applicable) and will pay relevant sale proceeds of such purchase (after accounting for such deductions that the Carbon Counterparty is entitled to make in accordance with the provisions of the relevant Carbon Counterparty Agreement) to the Issuer's Series Cash Account in relation to the relevant Series of Carbon ETC Securities. The Issuer's ability to pay the Early Redemption Amount or the Final Redemption Amount on the Scheduled Maturity Date or Scheduled Early Redemption Date (as applicable) is dependent on its receipt of the aggregate net sale proceeds of the Underlying Allowance(s) from the Carbon Counterparty. Therefore, as the Issuer is dependent on the Carbon Counterparty in respect of such aggregate net sale proceeds, Securityholders of a Series are exposed to Carbon Counterparty performance and insolvency risk in respect of such net sale proceeds. In addition, the relevant Underlying Allowance(s) are transferred to the Carbon Counterparty (and the corresponding security over such Allowance(s) is released) prior to the Issuer's receipt of the corresponding net sale proceeds for such Allowance(s) from the Carbon Counterparty and there may be up to two Business Days between the Issuer's delivery of Allowance(s) and receipt of corresponding net sale proceeds. Securityholders of a Series are therefore also exposed to the creditworthiness of the Carbon Counterparty in respect of such net sale proceeds.

Notwithstanding the above, the Determination Agent shall cease to notify the Issuer of Allowance(s) Sale Request Details and the Product Fee Allowance(s) Sale Request Details (as defined in the relevant Carbon Counterparty Agreement), the Issuer shall cease to offer to sell Allowance(s) to the Carbon Counterparty following the occurrence of an Enforcement Event (as described below) and upon the Carbon Counterparty becoming aware of the occurrence of an Enforcement Event following the Carbon Counterparty's receipt of an Enforcement Notice from the Trustee, the Carbon Counterparty shall cease to accept further offers of sale of Allowance(s) (including Product Fee Allowance(s)) from (or delivered on behalf of) the Issuer in respect of the relevant Series of Carbon ETC Securities (except at the Trustee's request or on its instructions pursuant to the relevant Carbon Counterparty Agreement), save that parties may be required to take actions necessary to settle certain transactions entered into in respect of which the relevant notice has been delivered on or prior to the date such Enforcement Notice was given, as further set out in the Conditions and the relevant Carbon Counterparty Agreement.

As there will be no further sale by the Issuer and purchase by the Carbon Counterparty of any Allowance(s) under the agreed liquidation mechanics, the Securityholders would need to rely on enforcement of the security by the Trustee in order for such Allowance(s) to be realised (such Allowance(s) may however, still be purchased by the Carbon Counterparty if the Trustee makes such request and the Carbon Counterparty accepts a corresponding offer from the Issuer in respect of such sale on the terms as agreed between the Trustee and the Carbon Counterparty at the time).

The occurrence of any of the following events constitutes an "**Enforcement Event**":

(i) a failure by the Issuer to make payment of Principal in respect of the relevant Series of Carbon ETC Securities in full when due on the Scheduled Maturity Date or the relevant Scheduled Early Redemption Date (if applicable)); and

(ii) upon the occurrence of a Carbon Counterparty FTP Consequence (where the Carbon Counterparty fails to transfer the corresponding relevant net sale proceeds on a sale and purchase of Allowance(s) on redemption and (x) the relevant parties fail to agree on the terms of re-settlement, (y) payment in respect of such transaction fails (or will fail) to settle on or prior to the relevant long-

stop date or (z) the Carbon Counterparty fails to return the relevant number of Allowance(s) to the Issuer by the relevant time following its failure to pay).

Type of securities

Each Series of Carbon ETC Securities will be in bearer form (the "**Bearer Securities**"). Bearer Securities will be represented by global securities (the "**Global Securities**") in either new global note or classic global note form. No individual bearer definitive securities will be produced.

Description of the rights attaching to the Carbon ETC Securities

Payment of Final Redemption Amount

Unless previously redeemed in whole or purchased and cancelled by the Issuer and subject to extension of maturity in certain circumstances, the Carbon ETC Securities of each Series will become due and payable on their Scheduled Maturity Date at their Final Redemption Amount.

Interest

The Carbon ETC Securities will not pay interest.

Status

The Carbon ETC Securities are secured, limited recourse obligations of the Issuer, and the Carbon ETC Securities of a Series rank equally amongst themselves. Holders of Carbon ETC Securities of a Series will not, by reason of holding such Series, have any claim against the Issuer with respect to any other Series of Carbon ETC Securities.

Security

The obligations of the Issuer under the Carbon ETC Securities of a Series will be secured pursuant to (i) a security interest agreement governed by the laws of Jersey granting a first priority security interest over present and future (a) Series Cash Account(s) (including, without limitation, all sums at any time and from time to time standing to the credit of the Series Cash Account(s)); (b) the Administration Services Agreement Rights (being all rights, title and interest, present and future, of the Issuer in or pursuant to the Administration Services Agreement, to the extent such rights, title and interest relate (directly or indirectly) to the Series Cash Account(s) of the relevant Series) and (c) any proceeds (as defined in the Security Interests (Jersey) Law 2012) derived directly or indirectly from a dealing with the Series Cash Account(s) or the Administration Services Agreement Rights or from a dealing with the proceeds of the Series Cash Account(s) or the Administration Services Agreement Rights, in each case, for such Series of Carbon ETC Securities, (ii) a security deed governed by English law assigning by way of security the Issuer's rights (but not obligations), title, interest and benefit present and future in, to and under certain agreements entered into by it in respect of that Series including, *inter alia*, the Carbon Counterparty Agreement and the Carbon Accounts Administrator Agreement and (iii) a first ranking right of pledge under Luxembourg law over (a) all of the Issuer's claims, rights, title, interest and benefit (including all income, payments, proceeds, revenues, products, property, sum received, receivable or otherwise distributed) present and future against the Custodian under the Custody Agreement in respect of the relevant Series of Carbon ETC Securities and (b) any present and future assets, rights, claims and distributions (including all income, payments, interest, proceeds, revenues, title, benefits, products, property, sum received, receivable or otherwise distributed) the Issuer has or will have in relation to any cash or financial instruments accounts opened by the Issuer with the Custodian in respect of the relevant Series of Carbon ETC Securities, including, for the avoidance of doubt, securities (including any securities and similar instruments (i) credited, by way of book entry (*inscription en compte*), or as otherwise deposited or held, in each case without specification of numbers or other individual identification elements, on a fungible basis or (ii) otherwise registered and/or referenced and/or referred to in the account or the Custodian's books and/or held in any other manner by the Custodian for the account of the Issuer on a contractual basis or otherwise (including as a nominee)), cash and other rights and the property held therein or credited thereto. The assets and property that are

the subject of such security interests are known as Secured Property for that Series. Holders of Carbon ETC Securities of a Series will not, by reason of holding such Series, have any claim against the Secured Property with respect to any other Series of Carbon ETC Securities.

The security over the Secured Property in respect of a Series of Carbon ETC Securities will become enforceable if (i) payment of the redemption amount in respect of such Series of Carbon ETC Securities is not made in full when due on the Scheduled Maturity Date or the relevant Scheduled Early Redemption Date (if applicable) or (ii) upon the occurrence of a Carbon Counterparty FTP Consequence (provided that in the case of Jersey Law Security only, the Security in respect of the Jersey Law Secured Property shall only become enforceable once the Enforcement Notice has also been served on the Issuer by the Trustee). For further detail in respect of security enforcement, please see the section titled "Authorised Representatives" below and the risk factors titled "*Enforcement in respect of EUAs*" and "*Transfer of EUAs following Custodian insolvency*".

Early Redemption Events

The Carbon ETC Securities of a Series may become due and payable prior to their Scheduled Maturity Date in connection with the occurrence of any of the following events:

(i) certain legal or regulatory changes occur in relation to the Issuer and the Issuer gives a notice of redemption;

(ii) the Trustee in relation to the relevant Series of Carbon ETC Securities resigns or is removed and no successor or replacement has been appointed within a 90 calendar day period;

(iii) the Carbon Accounts Administrator, the Issuing Agent, the Paying Agent, the Programme Administrator or the Custodian in relation to the relevant Series of Carbon ETC Securities resigns or its appointment is terminated and no successor has been nominated within a 60 calendar day period;

(iv) the Carbon Counterparty's agreement to act in relation to the relevant Series of Carbon ETC Securities is terminated and no successor has been nominated within a 60 calendar day period;

(v) the Value per Carbon ETC Security is less than or equal to eight per cent. of the issue price as at the Series issue date for three consecutive Valuation Days and the Determination Agent gives the relevant notice;

(vi) an Issuer Call Redemption Event occurs (as discussed further below under "*Issuer Call Redemption Event*");

(vii) the Issuer will, or there is a substantial likelihood that it will, on the next date (A) on which there is a sale of Allowance(s) in relation to the Product Fee or in respect of final redemption or early redemption (for the avoidance of doubt, following the occurrence of another Early Redemption Event) of the Carbon ETC Securities or (B) on which a delivery of Allowance(s) is due in respect of a subscription for Carbon ETC Securities of the relevant Series by an Authorised Participant or a buy-back by the Issuer of Carbon ETC Securities of the relevant Series from an Authorised Participant, in each case, be required to make a payment in respect of VAT, UK VAT or Jersey GST (as applicable) or to register for VAT, UK VAT or Jersey GST (as applicable) or otherwise be required to account for VAT, UK VAT or Jersey GST (as applicable) on such sale or delivery of Allowance(s) (whether or not such VAT, UK VAT or Jersey GST (as applicable) is recoverable), and the Issuer gives a notice of redemption (a "**VAT Redemption Event Notice**");

(viii) if the Issuer becomes entitled to serve a VAT Redemption Event Notice, and the Trustee gives the relevant notice to the Issuer if it is notified in writing of such entitlement and directed in writing by Securityholders of at least one-fifth in number of the Carbon ETC Securities then outstanding;

(ix) if the Programme Administrator determines that an event has occurred by which the euro ceases to be the lawful currency of one or more Euro Member States and gives the relevant notice to the Issuer;

(x) a theft event occurs in respect of the Underlying Allowance(s) and the Programme Administrator gives the relevant notice to the Issuer;

(xi) an Event of Default occurs (being (A) a failure by the Issuer to perform or comply with any one or more of its obligations (other than an obligation to pay principal) which default is incapable of remedy or not remedied within the time prescribed under the Conditions or (B) the occurrence of certain insolvency and bankruptcy events in respect of the Issuer, as further set out in the Conditions) under the terms and conditions of the Carbon ETC Securities and the Trustee gives the relevant notice;

(xii) certain events with respect to the Carbon Accounts Administrator including, amongst other things, the insolvency thereof or the termination of its appointment following a breach under the Carbon Accounts Administrator Agreement and, in each case, no successor or replacement has been appointed within 30 calendar days of the date of the relevant event or by an earlier date specified by the Programme Administrator;

(xiii) certain events with respect to the Issuing Agent or Paying Agent including, amongst other things, the insolvency thereof, a material breach under the relevant Agency Agreement or the occurrence of a regulatory breach (in respect of the Issuing Agent) and, in each case, no successor or replacement has been appointed within 30 calendar days of the date of the relevant event or by an earlier date specified by the Programme Administrator;

(xiv) certain events with respect to the Carbon Counterparty including, amongst other things, the insolvency thereof and no successor or replacement has been appointed within 30 calendar days of the date of such event or by an earlier date specified by the Programme Administrator;

(xv) certain events with respect to the Programme Administrator including, amongst other things, the termination of the appointment thereof following a breach under the Programme Administrator Agreement and no successor or replacement has been appointed within 30 calendar days of the date of such event or by an earlier date specified by the Programme Administrator;

(xvi) certain events with respect to the Custodian and the Custody Agreement including, amongst other things, the Custodian's insolvency thereof, the occurrence of an event that makes it unlawful for the Custodian to deal with EUAs or operate the relevant Series Carbon Account, the termination of the Custodian's appointment following a breach under the Custody Agreement, a failure by the Issuer to comply with the Custodian's request to provide certain documentation (including AML documentation) or the Issuer commits an act that brings disrepute to the Custodian and, in each case, no successor or replacement has been appointed within 30 calendar days of the date of the relevant event or by an earlier date specified by the Programme Administrator;

(xvii) certain events with respect to the Trustee including, amongst other things, the insolvency thereof or the termination of its appointment following a breach under the relevant Trust Deed, Security Documents or any other Transaction Document and, in each case, no successor or replacement has been appointed within 30 calendar days of the date of the relevant event or by an earlier date specified by the Programme Administrator;

(xviii) where the Programme Administrator determines that there is a proposal to change, or that there has been an adoption of any change in, any applicable policies (including the EU emissions policy) or law or the electronic accounting systems impacting the EUAs constituting the Underlying Allowance(s) or the Union Registry after the Series Issue Date as a result of which it becomes unlawful for (a) the Issuer or the Carbon Accounts Administrator (acting on the Issuer's behalf) to perform any absolute or contingent obligation to instruct or procure a delivery in respect of the EUAs constituting the Underlying Allowance(s) or any agreement entered into in connection with the EUAs

constituting the Underlying Allowance(s) or (b) the Issuer to comply with any other material provision of any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s);

(xix) if "Early Redemption: Ineligibility for Phase IV" is specified as applicable in the relevant Final Terms of a Series of Carbon ETC Securities and if the Programme Administrator determines that, following an announcement, change in law or regulation or confirmation by the European Council or Commission, EUAs allocated in Phase III (1 January 2013 to 31 December 2020) of the EU ETS will not be eligible for compliance with obligations under Phase IV (1 January 2021 to 31 December 2030) of the EU ETS and the Programme Administrator gives the relevant notice;

(xx) if the Scheme is, as a result of official written public pronouncement by the European Community, no longer scheduled to proceed or is to be discontinued;

(xxi) if the Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, and the Programme Administrator gives the relevant notice to the Issuer; or

(xxii) if the Programme Administrator determines that an Emissions Disruption Event has occurred and the Programme Administrator gives the relevant notice.

Issuer Call Redemption Event

The Issuer may elect to redeem a Series of Carbon ETC Securities early on giving not less than 30 calendar days' notice to Securityholders and the Programme Administrator.

Limited Recourse and Ranking

The Carbon ETC Securities of a Series will rank equally amongst themselves. The rights of Securityholders are limited in recourse to the relevant Secured Property in respect of the relevant Series of Carbon ETC Securities, subject always to the Security, and not to any other assets of the Issuer. As such, once the Secured Property in relation to a Series has been realised in full (whether by way of liquidation or enforcement) and the net proceeds distributed, any outstanding claim against the Issuer shall be extinguished and no debt shall be owed by the Issuer in respect thereof. None of the parties or anyone acting on behalf of any of them may take any steps against (i) any of the Issuer's officers, shareholders, corporate service providers or directors or (ii) following extinguishment, the Issuer to recover any further sum (or assets) in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum (or assets). Any proceeds of the Secured Property will be applied in accordance with the priorities of payments set out in the terms and conditions and, therefore, the rights of securityholders will rank in accordance therewith. As a result of such provisions, the Securityholders may not receive in full the Final Redemption Amount or Early Redemption Amount payable in respect of a Carbon ETC Security.

Withholding Tax

All payments in respect of the Carbon ETC Securities will be made subject to any withholding or deduction for, or on account of, any Taxes, if and only to the extent so required by applicable laws. In such case, the Paying Agent shall make the relevant payment in respect of such Carbon ETC Securities pursuant to the relevant Agency Agreement after such deduction or withholding (as applicable) has been made and shall account to the relevant Authority (as defined in the relevant Agency Agreement) within the time allowed for the amount deducted or withheld and the Securityholders shall not be entitled to receive amounts or assets to compensate for any such deduction or withholding. No event of default will occur as a result of any such deduction or withholding.

Governing Law

The Carbon ETC Securities will be governed by English law.

In respect of the Secured Property for each Series of Carbon ETC Securities, there will be (i) a security deed governed by English law; (ii) a security interest agreement governed by the laws of Jersey; and (iii) a pledge agreement governed by the laws of Luxembourg, in each case, relating to such Series of Carbon ETC Securities. Certain other transaction documents relating to the Carbon ETC Securities (such as the Administration Services Agreement and the Custody Agreement) will also be governed by, *inter alia*, the laws of Jersey or the laws of Luxembourg.

Interest and yield

The Carbon ETC Securities will not pay interest.

Effect of value of underlying Allowance(s) on value of Carbon ETC Securities

The Carbon ETC Securities are backed by Underlying Allowance(s) and the value of a Carbon ETC Security is closely linked to the value of (i) the type of Allowance(s) specified (being the "**Allowance Type**") and (ii) the relevant number of Allowance(s). If the net movement of (i) and (ii) above is (A) positive and (B) equals an amount greater than the aggregate product fee (as discussed further below), then on the relevant valuation day the Value per Carbon ETC Security will go up. If the net movement of (i) and (ii) above (A) is negative or (B) equals an amount less than the aggregate product fee, then on the relevant valuation day the Value per Carbon ETC Security will go down.

The price of Allowance(s) can go down as well as up and the performance of Allowance(s) in any future period may not mirror its past performance.

Product Fee

The Carbon ETC Securities are subject to a product fee which is calculated using the product fee percentage.

The product fee percentage and the maximum product fee percentage will be specified in the Final Terms for a Series of Carbon ETC Securities. The product fee percentage varies from Series to Series. A lower fee than the maximum product fee percentage may be charged at the discretion of the Programme Administrator. The current product fee percentage and any change to the percentage shall be published on www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time). Securityholders will be given not less than 30 calendar days' prior notice in accordance with the Conditions of any increase to the product fee percentage.

The product fee is reflected by a daily reduction in the allowance(s) entitlement per Carbon ETC Security which, as a result of such reduction, operates as a charge on holders of Carbon ETC Securities. The Issuer will periodically sell the Underlying Allowance(s) equal to such charge to the Carbon Counterparty and the sale proceeds (net of any deductions that the Carbon Counterparty is entitled to make in accordance with the provisions of the relevant Carbon Counterparty Agreement) will be credited to the Series Cash Account in relation to that Series of Carbon ETC Securities and used by the Issuer to pay such net sale proceeds from the sale of Product Fee Allowance(s) (which funds the Product Fee) to the Programme Administrator in accordance with the Programme Administrator Agreement. Such sale by the Issuer to the Carbon Counterparty will happen on a periodic (typically on a monthly or quarterly) basis. The Programme Administrator Agreement provides that the Programme Administrator will use such net sale proceeds in relation to each Series of Carbon ETC Securities to pay on behalf of the Issuer certain costs of the Programme (as set out in the schedule to the Programme Administrator Agreement) and the Issuer more generally.

The number of Allowance(s) which are sold for the purposes of satisfying the relevant product fee (such number as determined by the Determination Agent pursuant to the Determination Agent Agreement, the "**Product Fee Allowance(s)**") may be rounded on such rounding basis as may be agreed between the Determination Agent and the Programme Administrator from time to time, in accordance with the Carbon Counterparty Agreement. The difference in the relevant sale proceeds between the number of Product Fee Allowance(s) calculated on such rounded basis and the number of Product Fee Allowance(s) that would

have applied had such rounding basis not applied is carried forward and taken into account in the calculation for Product Fee Allowance(s) in respect of the next relevant date for sale of Product Fee Allowance(s).

Expiration/maturity date of Carbon ETC Securities

The Issuer has the discretion to set the Scheduled Maturity Date of a Series of Carbon ETC Securities prior to the issue of that Series of Carbon ETC Securities. The Scheduled Maturity Date of a Series of Carbon ETC Securities will be specified in the Final Terms (but is subject to extension in certain circumstances).

Description of return on Carbon ETC Securities

The redemption amount of the Carbon ETC Securities is linked to the performance of the specified Allowance Type (as specified in the Final Terms) and the relevant number of Allowance(s), as further described in the sections titled '*Final Redemption Amount*' and '*Early Redemption Amount*' below.

Final Redemption Amount

Unless previously redeemed in whole or purchased and cancelled by the Issuer and subject to extension of maturity in certain circumstances, each Carbon ETC Security will become due and payable on the Scheduled Maturity Date (being a date specified in the Final Terms which is no earlier than the 8th Business Day following the last day of the Final Redemption Disposal Period, subject to postponement) at its final redemption amount (the "**Final Redemption Amount**"), being an amount in the Specified Currency equal to the greater of (i) the Final Allowance(s) Redemption Amount (as described below) and (ii) five per cent. of the Issue Price per Carbon ETC Security as at the Series Issue Date (the "**Minimum Debt Principal Amount**").

Assuming the Security is not enforced, the "**Final Allowance(s) Redemption Amount**" is determined by multiplying (i) the allowance(s) entitlement per Carbon ETC Security as at the Final Redemption Valuation Date (which is a date specified in the Final Terms or, if such day is not a Business Day, the next following Business Day) and (ii) a price denominated in the Specified Currency being equal to the aggregate net sale proceeds received by the Issuer in respect of all sales and purchases of the relevant Underlying Allowance(s) during the Final Redemption Disposal Period (defined below) (in respect of the relevant Allowance Type, as determined pursuant to the relevant Carbon Counterparty Agreement and such sale proceeds being net of associated fees, deductions and taxes) divided by the aggregate number of Underlying Allowance(s) sold by the Issuer to the Carbon Counterparty (such total, the "**Average Allowance(s) Sale Price**"), as further set out in Condition 7 (*Redemption, Purchase and Options*).

The "**Final Redemption Disposal Period**" is the period which lasts for the number of days specified in the Final Terms, which shall start from (but exclude) the date falling four Business Days following the Final Redemption Valuation Date.

Early Redemption Amount

If any of the Early Redemption Events occur (including an Issuer Call Redemption Event or an Event of Default for which an Event of Default Redemption Notice is delivered), each Carbon ETC Security will become due and payable on the related Scheduled Early Redemption Date (being the 8th Business Day following the last day of the Early Redemption Disposal Period) at its early redemption amount (the "**Early Redemption Amount**"), being an amount in the Specified Currency equal to the greater of (i) the Early Allowance(s) Redemption Amount (defined below) and (ii) the Minimum Debt Principal Amount.

Assuming the Security is not enforced, the "**Early Allowance(s) Redemption Amount**" is determined by multiplying (i) the allowance(s) entitlement per Carbon ETC Security as at the Early Redemption Valuation Date (as described below) and (ii) a price denominated in the Specified Currency being equal to the aggregate net sale proceeds received by the Issuer in respect of all sales and purchases of the relevant Underlying Allowance(s) during the Early Redemption Disposal Period (defined below) (in respect of the

relevant Allowance Type, as determined pursuant to the relevant Carbon Counterparty Agreement and such sale proceeds being net of associated fees, deductions and taxes) divided by the aggregate number of Underlying Allowance(s) sold by the Issuer to the Carbon Counterparty (the "**Average Allowance(s) Sale Price**"), as further set out in Condition 7 (*Redemption, Purchase and Options*).

The "**Early Redemption Disposal Period**" is the period which lasts for the number of days specified in the Final Terms, which shall start from (but exclude) the date falling four Business Days following the Early Redemption Valuation Date.

The "**Early Redemption Valuation Date**" is (i) the date specified as such in relation to the relevant Early Redemption Event or if not specified, the date of the occurrence of such Early Redemption Event or (ii) the date on which the Trustee gives a redemption notice in respect of the occurrence of an event of default, or if such day is not a Business Day, the next following Business Day.

There can be no assurance that the Final Redemption Amount or Early Redemption Amount, as applicable, will be an amount greater than or equal to the amount invested by any Securityholder.

If the Final Allowance(s) Redemption Amount or Early Allowance(s) Redemption Amount, as applicable, falls below the Minimum Debt Principal Amount, then due to the limited recourse nature of the Carbon ETC Securities, Securityholders are unlikely to receive payment of the Final Redemption Amount or Early Redemption Amount, as applicable, in full and may receive zero.

Description of final reference price of the Underlying Allowance(s)

The Final Redemption Amount or Early Redemption Amount per Carbon ETC Security, as applicable, will be determined by reference to the Average Allowance(s) Sale Price (as described above) of the Underlying Allowance(s) held in respect of the Series of Carbon ETC Securities sold (or deemed to have been sold) during the Final Redemption Disposal Period or Early Redemption Disposal Period, as applicable, by the Issuer to the Carbon Counterparty.

If, irrespective of the occurrence of disruption events during the disposal period, the relevant Underlying Allowance(s) are all sold and purchased and successfully settle in accordance with the Carbon Counterparty Agreement, the Issuer or the Determination Agent (or an agent on its behalf) will, on or prior to the 3rd Business Day following the last day of the relevant Redemption Disposal Period, publish the determination of the Final Redemption Amount or Early Redemption Amount, as applicable, (which shall include publication of the relevant price, net sale proceeds, number of Allowance(s), Allowance Type and the date of sale and purchase of each sale of Underlying Allowance(s) during the relevant Redemption Disposal Period, including information on any fees, deductions and/or taxes imposed on such sale, and the determination of the Average Allowance(s) Sale Price) on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time).

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then following notification from the Carbon Counterparty of such event, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner), satisfaction of certain amounts payable, including the Early Redemption Amount or Final Redemption Amount (as applicable and in each case, in such manner and upon such terms as the Programme Administrator shall think fit). For further information, see the risk factors titled "*Redemption of the Carbon ETC Securities at maturity*" and "*Events of Default and other Early Redemption Events*" below.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs and the Final Redemption Amount or Early Redemption Amount (as applicable) is instead determined by the Programme Administrator at its sole and absolute discretion in accordance with Condition 7(a) (*Final Redemption Amount*) or Condition 7(b) (*Early Redemption Amount*) (as applicable), the Issuer or the Determination Agent (or an agent on its behalf) will as soon as

possible after such determination is made and, in any case, on or prior to the 3rd Business Day following the last day of the relevant Redemption Disposal Period, publish the determination of the Final Redemption Amount or Early Redemption Amount (as applicable). The Programme Administrator shall further determine the details which shall be included in the publication of the Final Redemption Amount or Early Redemption Amount (as applicable) on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time).

Description of the type of Underlying Allowance(s) and where information on the Underlying Allowance(s) can be found

The Underlying Allowance(s) in respect of a Series will consist of a single type of allowances, credits, permits, rights or similar assets which represents a volume of carbon dioxide equivalent or other greenhouse gas, which is used, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances, credits, permits, rights, or similar assets. Prior to the issue of a Series of Carbon ETC Securities, the Issuer will select the Underlying Allowance(s) (including the relevant Allowance Type) with respect to those securities.

Such Underlying Allowance(s) will be held by the Issuer (via the Custodian) in the relevant Series Carbon Account. A separate Series Carbon Account shall be opened and maintained in respect of each Series of Carbon ETC Securities. In respect of Carbon ETC Securities where EUAs are specified as the relevant Allowance Type in the Final Terms, further information relating to EUAs and the EU ETS can be found on the website of the European Commission at https://ec.europa.eu/clima/eu-action/eu-emissions-trading-system-eu-ets_en.

The Allowance Type to which a Series of Carbon ETC Securities is linked is specified in the Final Terms relating to such Series. As at the date of this Base Prospectus, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances.

Terms and conditions of the offer

The Carbon ETC Securities are being made available by the Issuer for subscription only to Authorised Participants. Authorised Participants will pay for any such subscriptions by delivering a number of Allowance(s) equal to the product of (i) the allowance(s) entitlement per Carbon ETC Security of the Carbon ETC Securities being subscribed and (ii) the aggregate number of Carbon ETC Securities to be issued pursuant to such subscription order (such total rounded up to the nearest whole number).

The Issue Price per Carbon ETC Security on the Series Issue Date shall be an amount equal to (A) the Initial Allowance(s) Entitlement per Carbon ETC Security multiplied by (B) the Allowance(s) Reference Price with respect to the Series Issue Date. The Issue Price per Carbon ETC Security for any subsequent Tranche of Carbon ETC Securities of that Series issued after the Series Issue Date will be equal to the Value per Carbon ETC Security in respect of the relevant subscription trade date relating to such tranche.

Authorised Representatives of the Series Carbon Account

For the purposes of operating the Series Carbon Account, the Issuer is expected to instruct the Custodian to appoint eight authorised representatives in respect of each Series Carbon Account (comprising six representatives of the Carbon Accounts Administrator, one representative of the Custodian and one representative of the Programme Administrator). The Custodian will agree, pursuant to the relevant Custody Agreement, that it shall, in the case of all Security, immediately upon its receipt of an Enforcement Notice from the Trustee following the occurrence of an Enforcement Event (provided, in the case of the Jersey Law Security only, such notice has also been served on the Issuer by the Trustee), procure that authorised representatives employed by it (and appointed by the Custodian on the Issuer's instruction from time to time, except for the representative of the Programme Administrator who has passive "read only" access only) ceases to act upon the Issuer's instructions (or the instructions of the Carbon Accounts Administrator on the Issuer's behalf) and acts solely upon the Trustee's instructions, in respect of the relevant Series Carbon Account and such enforcement, in each case, to the extent such instructions relate

to such Series Carbon Account. The Carbon Accounts Administrator further agrees, under the Custody Agreement, to procure that authorised representatives who are employees of the Carbon Accounts Administrator also act accordingly.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Carbon ETC Securities issued under the Programme.

Factors which the Issuer believes are material for the purpose of assessing the market risks associated with Carbon ETC Securities issued under the Programme are also described below. Please note that the risk factors listed below are non-exhaustive.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Carbon ETC Securities issued under the Programme, but the inability of the Issuer to pay any amounts on or in connection with any Carbon ETC Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Carbon ETC Securities are exhaustive. Before making an investment decision, prospective purchasers of Carbon ETC Securities should consider carefully, in the light of their own financial circumstances and investment objectives, all the detailed information set out elsewhere in this document and, in particular, the considerations set forth below and in the relevant Final Terms in order to reach their own views prior to making any investment decision.

Prospective purchasers should note that the risks relating to the Carbon ETC Securities summarised in the section of the relevant Final Terms headed "Issue Specific Summary" are risks that the Issuer believes to be the most essential to an assessment by a prospective purchaser of whether to consider an investment in the Carbon ETC Securities. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective purchasers should consider not only the information on the key risks summarised in the section of the relevant Final Terms headed "Issue Specific Summary" but also, among other things, the risks and uncertainties described below.

All capitalised terms used in this section "Risk Factors" shall have the meanings given to them in other sections of this Base Prospectus, unless otherwise defined in this section "Risk Factors" of this Base Prospectus.

Risks relating to the liquidity and trading of the Carbon ETC Securities

The secondary market and limited liquidity

Purchasers will not receive any payments under the Conditions in respect of the Carbon ETC Securities prior to the Scheduled Maturity Date unless the Carbon ETC Securities redeem early. The Carbon ETC Securities may have a long term and the only means through which a purchaser can realise value from a Carbon ETC Security prior to its Scheduled Maturity Date (subject to the occurrence of early redemption events) is to sell it in a secondary transaction to an Authorised Participant or other broker or intermediary at the price agreed between them (which may be an amount which is more than, equal to, or less than the market price at the time). Investors may not request a buy-back directly from the Issuer – only Authorised Participants can request buy-backs of Carbon ETC Securities directly from the Issuer in accordance with the terms of the relevant authorised participant agreement (and such Authorised Participant would, in respect of a buy-back, receive a number of Allowance(s) equal to the Buy-Back Redemption Amount from the Issuer). Carbon ETC Securities which are purchased by the Issuer from an Authorised Participant in respect of a buy-back are cancelled. For the avoidance of doubt, in the case where an Authorised Participant requests a buy-back of Carbon ETC Securities following its purchase of such Carbon ETC Securities from an investor, the amount that the Authorised Participant agrees to pay such investor may be more than, equal to, or less than the Value per Carbon ETC Security in respect of the corresponding buy-back trade date.

The price at which a purchaser may be able to sell Carbon ETC Securities at any time prior to their Scheduled Maturity Date may be substantially less than the price paid by the purchaser. This may occur (amongst other reasons) as a result of there being limited liquidity for the Carbon ETC Securities, the Value

per Carbon ETC Security at time of sale being less than the Value per Carbon ETC Security of the Carbon ETC Securities at the time the purchaser purchased the Carbon ETC Securities, the Allowance(s) not having performed sufficiently to increase or maintain the Value per Carbon ETC Security of the Carbon ETC Securities by such amount as is necessary to negate the Product Fee deducted since the time the purchaser purchased the Carbon ETC Securities. The Value per Carbon ETC Security and/or market price of the Carbon ETC Securities may be volatile and may fall rapidly and purchasers may not be able to sell their Carbon ETC Securities quickly and/or at a price such that the purchaser is able to prevent or minimise any loss of their investment.

While each Authorised Participant appointed in respect of the Programme and/or a Series of Carbon ETC Securities may make a market for the relevant Series of Carbon ETC Securities in respect of which it is appointed as an Authorised Participant, no Authorised Participant is obliged to make a market for any Series of Carbon ETC Securities (including any Series in respect of which it is appointed as an Authorised Participant) and Authorised Participants may discontinue making a market at any time and/or may make a market on a different platform or offer in only one way markets.

The price (if any) provided by an Authorised Participant or Authorised Offeror for the purchase or sale of Carbon ETC Securities in the secondary market (whether in an on-exchange or off-exchange transaction) will be determined at the absolute discretion of that Authorised Participant or Authorised Offeror by reference to such factors as it sees fit. An Authorised Participant or Authorised Offeror may maintain such bid/offer spread as it determines in its absolute discretion. The bid/offer spread is the difference between the bid price (i.e. the price at which a holder can sell Carbon ETC Securities to the Authorised Participant or Authorised Offeror) and the offer price (i.e. the price at which a holder can buy Carbon ETC Securities from the Authorised Participant or Authorised Offeror). Any price provided by an Authorised Participant, an Authorised Offeror or other secondary market price may take into account fees, charges, duties, taxes, commissions and/or other factors. Any price given by an Authorised Participant or an Authorised Offeror will be quoted as of a particular date and time and will not therefore reflect any subsequent changes in the market price of the Carbon ETC Securities and/or any other factors relevant to the determination of the price.

Furthermore, any market in the Carbon ETC Securities may not be liquid.

Prospective purchasers should note that:

(i) the number of Carbon ETC Securities subject to any offer made by an Authorised Participant or Authorised Offeror in the secondary market may be affected by market demand for the Carbon ETC Securities, the number of Carbon ETC Securities in issue, whether subscriptions can be processed and prevailing market conditions;

(ii) the bid or offer price offered by an Authorised Participant, Authorised Offeror or any other seller or purchaser, may be less than the current Value per Carbon ETC Security of the Carbon ETC Securities. In addition, any such price may be subject to fees, charges, duties, taxes and/or commissions;

(iii) they may not be able to sell their Carbon ETC Securities quickly, easily or at prices that will provide them with a yield comparable to other investments;

(iv) any price at which the Carbon ETC Securities may be sold prior to the Scheduled Maturity Date may be at a discount, which could be substantial, to the price at which the Carbon ETC Securities were acquired by the relevant purchaser; and

(v) illiquidity may have a severely adverse effect on the market price of Carbon ETC Securities.

Prospective purchasers should be aware that not all market participants, Authorised Offerors and Authorised Participants will determine the price of the Carbon ETC Securities in the same manner, and the variation between such valuations and prices quoted may be substantial. Accordingly, any prices provided

by an Authorised Participant or Authorised Offeror may not be representative of prices that may be provided by other market participants.

Prospective purchasers should be aware that Carbon ETC Securities requested for issue and subscribed for by an Authorised Participant may be held on an inventory basis by such Authorised Participant and offered for sale and/or sold over a period of time. Prospective purchasers should not assume that Carbon ETC Securities will automatically be placed with purchasers by the relevant Authorised Participant(s) immediately upon issue. To the extent that the Authorised Participants hold Carbon ETC Securities at any time, they may exercise their rights under them in such manner as they see fit in their own interests and need not have regard to the interests of other holders of Carbon ETC Securities or any other person. In particular, the Authorised Participants may vote at any meeting of holders of Carbon ETC Securities or approve any resolution as they see fit (including with respect to any changes to the terms of the Carbon ETC Securities proposed by the Issuer).

Market price of the Carbon ETC Securities

Investors can buy and sell Carbon ETC Securities in the same manner as they buy and sell other listed securities. Investors trading Carbon ETC Securities intraday are given a "bid price", at which the investors can sell a Carbon ETC Security, and an "offer price" representing the pricing point at which investors can buy their Carbon ETC Securities in the market. The bid and offer prices for Carbon ETC Securities at any time are likely to be different than the Value per Carbon ETC Security. This is because the bid and offer prices reflect market liquidity and other market conditions at a particular time, whereas the Value per Carbon ETC Security is calculated based on the product of (i) the allowance(s) entitlement per Carbon ETC Security and (ii) the Allowance(s) Reference Price of the Allowance(s).

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and, therefore, the market price of the Carbon ETC Securities. Investors should note that general movements in markets and factors that affect the investor climate and investor sentiment may have different effects on each Series of Carbon ETC Securities.

The market price of the Carbon ETC Securities will be affected by a number of factors, including, but not limited to:

(i) the value and volatility of the Allowance(s) referenced by the Carbon ETC Securities;

(ii) the value and volatility of carbon allowance(s) in general;

(iii) market perception, interest rates and yields;

(iv) the creditworthiness of, *inter alia*, the Carbon Counterparty, the Programme Administrator and the Authorised Participants; and

(v) liquidity in the Carbon ETC Securities.

Prospective purchasers should be aware that the Value per Carbon ETC Security and the secondary market price of the Carbon ETC Securities can go down as well as up throughout the term of the Carbon ETC Securities. Prospective purchasers should be aware that the Value per Carbon ETC Security and market price of the Carbon ETC Securities on any Valuation Day may not reflect their prior or future performance.

Risks relating to the Issuer

The Issuer is a special purpose vehicle

The Issuer is a special purpose vehicle with the sole business of issuing Carbon ETC Securities. As such, the Issuer has, and will have, no assets other than (i) the small sums of money raised by issuing shares on the date of its incorporation, (ii) such fees (if any) as are payable to it in connection with the issue of any Series of Carbon ETC Securities from time to time and (iii) any rights, property or other assets on

which Series of Carbon ETC Securities issued under the Programme are secured. This means that if the assets on which a Series of Carbon ETC Securities are secured are not sufficient to meet sums payable (or Allowance(s) deliverable upon a buy-back) by the Issuer in respect of that Series, there are no other assets that are available to the Issuer to make those payments. In such circumstances, the holders of Carbon ETC Securities would not receive the amounts owing to them in full.

Limited recourse obligations, non-petition and related risks

In respect of a Series of Carbon ETC Securities, the Transaction Parties and the Securityholders will have recourse only to the Secured Property in respect of the relevant Series of Carbon ETC Securities, subject always to the Security, and not to any other assets of the Issuer (except the Carbon Counterparty, who is not a Secured Creditor and shall not have recourse to the Secured Property or any other assets of the Issuer). If, following realisation in full of the Secured Property relating to the relevant Series of Carbon ETC Securities (whether by way of liquidation or enforcement) and application of available cash sums as provided in Condition 5, the Trust Deed and the Security Documents (and/or in the case of a buy-back, following delivery of Allowance(s) (as applicable)), any outstanding claim against the Issuer in respect of the Secured Issuer Obligations or Other Issuer Obligations remains unpaid (or unsatisfied due to non-delivery of all or a portion of the relevant number of Allowance(s) in the case of buy-back), then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof.

None of the Transaction Parties, the Securityholders or any other person acting on behalf of any of them will be entitled to take any steps against (i) any of the Issuer's officers, shareholders, corporate service providers or directors, or (ii) following extinguishment, the Issuer to recover any further sum (or assets) in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum (or assets). No personal liability will attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in any Carbon ETC Security or Transaction Document or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution of every such shareholder, officer, agent, employee or director, is deemed expressly waived by the Transaction Parties and the Securityholders.

Assets held in relation to any particular Series of Carbon ETC Securities or any other series of securities issued by the Issuer are not available to satisfy the claims of holders of a different Series of Carbon ETC Securities.

None of the Transaction Parties, the Securityholders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them will have any claim arising with respect to the assets and/or property (i) attributable to any other securities issued by the Issuer (save for any further securities which form a single Series with the Carbon ETC Securities) or (ii) not attributable to any particular Series.

There is also the risk that the Issuer may become subject to claims or other liabilities (whether in respect of the Carbon ETC Securities or otherwise) which are not themselves subject to limited recourse or non-petition limitations.

No person other than the Issuer will be obliged to make payments on the Carbon ETC Securities of any Series and the Carbon ETC Securities will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Programme Administrator, the Corporate Services Provider, the Paying Agent, the Carbon Accounts Administrator, the Determination Agent, the Issuing Agent, the Carbon Counterparty, the Custodian or the Trustee.

Enforcement

Securityholders' rights include the right to any payments payable to holders of Carbon ETC Securities in accordance with the Conditions. Securityholders may also have the right to make certain determinations or decisions (which may sometimes be required to be by a resolution of Securityholders or which may simply require a direction in writing by a specified percentage of Securityholders) and the Issuer may only take certain actions with respect to the Carbon ETC Securities if approved by Securityholders. Securityholders should note that, notwithstanding they may be owed payments under the Carbon ETC Securities, their rights of direct action against the Issuer are limited as the right to take such action is generally instead vested in the Trustee.

The Conditions specify the requirements for exercising each right in respect of the Carbon ETC Securities, including the person (if any) that is entitled to enforce such right on behalf of the Securityholders and the required percentage of Securityholders (if any) that may direct such person to enforce such right. For example, the Conditions specify that at any time after the Security has become enforceable, the Trustee may exercise the right to enforce the security on behalf of Securityholders. The Securityholders may direct the Trustee to exercise such rights by way of an Extraordinary Resolution or in writing by Securityholders of at least one-fifth in number of the Carbon ETC Securities of the relevant Series and provided that the Trustee has been secured and/or pre-funded and/or indemnified to its satisfaction. An "**Extraordinary Resolution**" means a resolution passed at a duly convened meeting by a majority consisting of not less than 75 per cent. of the votes cast at such meeting or a resolution in writing signed by or on behalf of Securityholders of not less than 75 per cent. of the aggregate number of Carbon ETC Securities of that Series.

The Issuer has executed a Trust Deed in respect of the Carbon ETC Securities, under which it has covenanted to the Trustee that it will make the relevant payments and/or deliver the relevant assets due in respect of the Carbon ETC Securities. The Trustee holds the benefit of this covenant for Securityholders. If the Issuer fails to make a payment or delivery when due, only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Securityholders, unless the Trustee fails or neglects to do so within a reasonable time after having become bound to do so and such failure is continuing. For further risks relating to enforcement, see also the risk factor titled "*Enforcement in respect of EUAs*" and "*Enforcement of Jersey Law Security*".

Insolvency

The Issuer has agreed not to engage in activities other than the issue of Carbon ETC Securities or other Series of securities and related and incidental matters (as further set out in the Conditions). Any issue of Carbon ETC Securities or other Series of securities must be on terms that limit the recourse of any holder of such securities, and of any party to any related agreement entered into by the Issuer relating specifically to such securities, to assets securing such series and not to assets to which any other series of securities have recourse (see "*Limited recourse obligations, non-petition and related risks*" above). In addition, there are restrictions on the Securityholders and Transaction Parties bringing insolvency proceedings against the Issuer (see "*Limited recourse obligations, non-petition and related risks*" above). If such provisions are upheld, it would be unlikely that the Issuer could become insolvent.

However, notwithstanding the restrictions described in Condition 6 and the limited recourse and non-petition provisions, should the Issuer have outstanding liabilities to third parties which it is unable to discharge or should the limited recourse or non-petition provisions be found to be non-enforceable in a particular jurisdiction and as a result the Issuer becomes or is declared insolvent according to the law of any country having jurisdiction over it or any of its assets, the insolvency laws of that country may determine the validity of the claims of Securityholders and may prevent Securityholders from enforcing their rights or delay such enforcement. In particular, depending on the jurisdiction concerned and the nature of the assets and security, the Security created in favour of the Trustee may be set aside or ranked behind certain other creditors and the assets subject to such security may be transferred to another person free of such Security.

In addition, certain jurisdictions have procedures designed to facilitate the survival of companies in financial difficulties. In such jurisdictions the rights of the Trustee to enforce the Security may be limited or delayed by such procedures.

Regulation of the Issuer

The Issuer is required to comply with its anti-money laundering ("**AML**"), counter-terrorist financing ("**CFT**") and counter-proliferation financing ("**CPF**") obligations under the Proceeds of Crime (Jersey) Law 1999, including the obligation to register with the Jersey Financial Services Commission ("**JFSC**") for AML, CFT and CPF supervisory purposes under the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 as it conducts activities within the list of activities set out in Schedule 2 of the Proceeds of Crime (Jersey) Law 1999. The Issuer must also obtain consent from the JFSC to issue securities pursuant to the Control of Borrowing (Jersey) Order 1958.

It should also be noted that regulatory authorities in one or more other jurisdictions may determine that the Issuer is required to be licensed, registered or authorised under the securities, commodities or banking laws of that jurisdiction or that legal or regulatory requirements with respect thereto will not change in the future. Any such requirement or change could have an adverse impact on the Issuer or the holders of Carbon ETC Securities.

Settlement risk on subscription of Carbon ETC Securities

From time to time, an Authorised Participant may request, via a subscription order, that the Issuer issue further Carbon ETC Securities under a Series. Pursuant to the subscription order, the Issuer will, as subscription proceeds for the issue of Carbon ETC Securities, receive a number of Allowance(s) (being the Subscription Settlement Amount) from the relevant Authorised Participant. The Allowance(s) comprising such Subscription Settlement Amount are delivered to the secured Series Carbon Account in respect of the relevant Series (which is opened in the name of the Custodian and held for the benefit of the Issuer) prior to the settlement of the corresponding Carbon ETC Securities. If such subscription order is cancelled following a settlement failure due to a failure of the Issuer (or the Issuing Agent on its behalf) to cause the Carbon ETC Securities relating to such subscription order to be issued and settled and either (i) a theft event occurs in respect of some, or all, of the Allowance(s) relating to such Series or (ii) a number of Allowance(s) are sold or delivered to satisfy other Issuer obligations under the Conditions in respect of the same Series which is in excess of the aggregate number of Allowance(s) held by the Issuer in respect of such Series prior to the receipt of the Subscription Settlement Amount corresponding to such subscription order, in each case, before a number of Allowance(s) equal to the Subscription Settlement Amount are returned to the relevant Authorised Participant in respect of such cancelled subscription order, there is a potential risk that there may not be sufficient Allowance(s) to be returned to the Authorised Participant.

Risks Relating to the Contractual Features of the Carbon ETC Securities

Redemption of the Carbon ETC Securities at maturity

The ability of the Issuer to make payment of the Final Redemption Amount is dependent, *inter alia*, on (i) the Final Allowance(s) Redemption Amount being at least equal to the Minimum Debt Principal Amount; and (ii) the Carbon Counterparty fulfilling their obligations under the Carbon Counterparty Agreement. As the Issuer is dependent on the Carbon Counterparty in respect of the Issuer's receipt of net sale proceeds of the Underlying Allowance(s), the Issuer and therefore, the Securityholders of a Series, are exposed to the creditworthiness of the Carbon Counterparty and Carbon Counterparty performance and insolvency risk. For further information, see the risk factor titled "*Securityholders of a Series are exposed to performance and insolvency risk and the creditworthiness of the Carbon Counterparty in respect of the net sale proceeds of the Underlying Allowance(s)*".

Provided that the Final Allowance(s) Redemption Amount is at least equal to the Minimum Debt Principal Amount and assuming no Disrupted Offer Event, Disrupted Disposal Period Event, Disrupted Remaining

Sale/Purchase Event, Disrupted Settlement Event or other event has occurred affecting the sale by the Issuer or the purchase by the Carbon Counterparty of the relevant Allowance(s) or affecting the settlement of the sale and purchase of such Allowance(s) (as applicable), such that the relevant Underlying Allowance(s) are not all sold and purchased by the end of the Final Redemption Disposal Period and/or payment in respect of such Underlying Allowance(s) are not all settled on or prior to the Settlement Long-Stop Date (being the 2nd Business Day following the last day of the relevant Redemption Disposal Period), the ability of the Issuer to make payment of the Final Redemption Amount will be dependent on (a) its receipt in full from the Carbon Counterparty of the Aggregate Net Sale Proceeds from its sale of the Underlying Allowance(s) to the Carbon Counterparty in accordance with Condition 5(d); (b) the Carbon Counterparty having purchased all of the Underlying Allowance(s) on or prior to the last day of the Final Redemption Disposal Period; (c) the sale and purchase of such Underlying Allowance(s) having settled such that all Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date and (d) the Underlying Allowance(s) held by the Issuer as at the first day of the Redemption Disposal Period being at least equal to the Aggregate Final Allowance(s) Entitlement.

To the extent any of (a), (b), (c) or (d) above are not satisfied and payment of Principal in respect of the relevant series of Carbon ETC Securities is not made in full when due on the Scheduled Maturity Date, the security enforcement provisions shall apply and the payment of any proceeds of any such enforcement shall be made in accordance with the Conditions. If the Issuer's inability to pay the Final Redemption Amount on the Scheduled Maturity Date is solely due to the Final Allowance(s) Redemption Amount falling below the Minimum Debt Principal Amount, the Issuer is not expected to have any further rights against the Carbon Counterparty which could be enforced and therefore there may not be any proceeds of enforcement of the Security.

The Minimum Debt Principal Amount operates as a minimum repayment amount on the final redemption of the Carbon ETC Securities of a Series. If the Final Allowance(s) Redemption Amount falls below the Minimum Debt Principal Amount, then due to the limited recourse nature of the Carbon ETC Securities, Securityholders are unlikely to receive payment of the Final Redemption Amount in full and may receive zero.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then following notification from the Carbon Counterparty of such event, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) (i) satisfaction of the Final Redemption Amount in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant Securityholder(s) (but to the extent any sale and purchase of the relevant Allowance(s) have been settled, taking into account the aggregate net sale proceeds received in respect of such Allowance(s)); and (ii) following satisfaction of the Final Redemption Amount, to the extent the Allowance(s) originally designated as comprising the Final Redemption Amount are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s). As a result, the Securityholders may not receive in full the Final Redemption Amount payable in respect of a Carbon ETC Security (had such Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event not occurred) and may receive substantially less than their original investment or even zero.

If the Issuer does not pay the Final Redemption Amount in full on the Scheduled Maturity Date of the Carbon ETC Securities, the Trustee may (subject to the terms of the relevant Security Document(s)) enforce the security under the Security Documents relating to the relevant Carbon ETC Securities. However, if, following realisation in full of the Secured Property relating to the relevant Series of Carbon ETC Securities (by way of enforcement) and application of available cash sums as provided in Condition 5, the Trust Deed and the Security Documents (and/or in the case of a buy-back, following delivery of Allowance(s) (as applicable)), there are any outstanding claims against the Issuer in respect of such Series

of Carbon ETC Securities which remain unpaid (or unsatisfied due to non-delivery of all or a portion of the relevant number of Allowance(s) in the case of buy-back), then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances holders of the Carbon ETC Securities may not receive back their investment and may receive zero.

Events of Default and other Early Redemption Events

General

In addition, the Carbon ETC Securities of a Series may become due and payable prior to their Scheduled Maturity Date as further described in connection with the occurrence of any of the following events set out in Conditions 7 and 12 and as summarised in the section headed "*Overview of the Programme*" in the paragraph therein headed "*Events of Default and Early Redemption Events*".

Following the occurrence of an Early Redemption Event or the delivery by the Trustee of an Event of Default Redemption Notice in respect of an Event of Default under the Conditions of the relevant Series of Carbon ETC Securities, such Series of Carbon ETC Securities will become due and payable on the relevant Scheduled Early Redemption Date at the Early Redemption Amount per Carbon ETC Security, being an amount in the Specified Currency equal to the greater of (i) the Early Allowance(s) Redemption Amount and (ii) the Minimum Debt Principal Amount.

The Issuer's ability to make payment of the Early Redemption Amount is dependent, *inter alia*, (i) the Early Allowance(s) Redemption Amount being at least equal to the Minimum Debt Principal Amount; and (ii) the Carbon Counterparty fulfilling their obligations under the Carbon Counterparty Agreement. As the Issuer is dependent on the Carbon Counterparty in respect of the Issuer's receipt of net sale proceeds of the Underlying Allowance(s), the Issuer and therefore, the Securityholders of a Series, are exposed to the creditworthiness of the Carbon Counterparty and Carbon Counterparty performance and insolvency risk. For further information, see the risk factor titled "*Securityholders of a Series are exposed to performance and insolvency risk and the creditworthiness of the Carbon Counterparty in respect of the net sale proceeds of the Underlying Allowance(s)*".

Provided that the Early Allowance(s) Redemption Amount is at least equal to the Minimum Debt Principal Amount and assuming no Disrupted Offer Event, Disrupted Disposal Period Event, Disrupted Remaining Sale/Purchase Event, Disrupted Settlement Event or other event has occurred affecting the sale by the Issuer or the purchase by the Carbon Counterparty of the relevant Allowance(s) or affecting the settlement of the sale and purchase of such Allowance(s) (as applicable), such that the relevant Underlying Allowance(s) are not all sold and purchased by the end of the Early Redemption Disposal Period and/or payment in respect of such Underlying Allowance(s) are not all settled on or prior to the Settlement Long-Stop Date (being the 2nd Business Day following the last day of the relevant Redemption Disposal Period), the ability of the Issuer to make payment of the Early Redemption Amount will be dependent on (a) its receipt in full from the Carbon Counterparty of the Aggregate Net Sale Proceeds from its sale of the Underlying Allowance(s) to the Carbon Counterparty in accordance with Condition 5(d); (b) the Carbon Counterparty having purchased all of the Underlying Allowance(s) on or prior to the last day of the Early Redemption Disposal Period; (c) the sale and purchase of such Underlying Allowance(s) having settled such that all Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date and (d) the Underlying Allowance(s) held by the Issuer as at the first day of the Redemption Disposal Period (including the aggregate number of Underlying Allowance(s) which remain stolen following delivery of an Issuer Theft Event Notice) being at least equal to the Aggregate Final Allowance(s) Entitlement.

To the extent any of (a), (b), (c) or (d) above are not satisfied and payment of Principal in respect of the relevant series of Carbon ETC Securities is not made in full when due on the relevant Scheduled Early Redemption Date, the security enforcement provisions shall apply and the payment of any proceeds of any such enforcement shall be made in accordance with the Conditions. If the Issuer's inability to pay the Early Redemption Amount on the Scheduled Early Redemption Date is solely due to the Early Allowance(s) Redemption Amount falling below the Minimum Debt Principal Amount, the Issuer is not expected to have

any further rights against the Carbon Counterparty which could be enforced and therefore there may not be any proceeds of enforcement of the Security.

The Minimum Debt Principal Amount operates as a minimum repayment amount on the early redemption of the Carbon ETC Securities of a Series. If the Early Allowance(s) Redemption Amount falls below the Minimum Debt Principal Amount, then due to the limited recourse nature of the Carbon ETC Securities, Securityholders are unlikely to receive payment of the Early Redemption Amount in full and may receive zero.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then following notification from the Carbon Counterparty of such event pursuant to the terms of the relevant Carbon Counterparty Agreement, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) (i) satisfaction of (I) the amounts payable pursuant to Condition 5(d)(ii)(A) to (D) relating to the application of proceeds prior to security enforcement and (II) the Early Redemption Amount, in each case, in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant parties or the relevant Securityholder(s) (as applicable) (but to the extent any sale and purchase of the relevant Allowance(s) have been settled, taking into account the aggregate net sale proceeds received in respect of such Allowance(s)); and (ii) following satisfaction of such amounts payable pursuant to Condition 5(d)(ii)(A) to (D) relating to the application of proceeds prior to security enforcement and of the Early Redemption Amount, to the extent the Allowance(s) originally designated as comprising such amounts are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s). As a result, the Securityholders may not receive in full the Early Redemption Amount payable in respect of a Carbon ETC Security (had such Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event not occurred) and may receive substantially less than their original investment or even zero.

If the Issuer does not pay the Early Redemption Amount in full on the Scheduled Early Redemption Date of the Carbon ETC Securities, the Trustee may (subject to the terms of the relevant Security Document(s)) enforce the security under the Security Documents relating to the relevant Carbon ETC Securities. However, if, following realisation in full of the Secured Property relating to the relevant Series of Carbon ETC Securities (by way of enforcement) and application of available cash sums as provided in Condition 5, the Trust Deed and the Security Documents (and/or in the case of a buy-back, following delivery of Allowance(s) (as applicable)), there are any outstanding claims against the Issuer in respect of such Series of Carbon ETC Securities which remain unpaid (or unsatisfied due to non-delivery of all or a portion of the relevant number of Allowance(s) in the case of buy-back), then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances holders of the Carbon ETC Securities may not receive back their investment and may receive zero.

Issuer Call Redemption Event

The Issuer may at any time elect to redeem all the Carbon ETC Securities of a Series and designate an Early Redemption Valuation Date for such purposes, provided that the date designated as the Early Redemption Valuation Date may not be earlier than the 30th calendar day following the date of the relevant notice from the Issuer and shall not be on or after the Final Redemption Valuation Date. In such circumstances, the Carbon ETC Securities of such Series will be redeemed at their Early Redemption Amount per Carbon ETC Security on the relevant Scheduled Early Redemption Date. There can be no assurance that the redemption amount determined following any such exercise will be such that the Early Redemption Amount is greater than or equal to the amount invested by a Securityholder of the Carbon ETC Securities. As the Early Allowance(s) Redemption Amount is calculated and paid irrespective of the current Allowance(s) price, Securityholders may lose some or all of their investment if during the Redemption Disposal Period, the Underlying Allowance(s) falls in value.

Theft Redemption Event

On early redemption of the Carbon ETC Securities and in respect of any Allowance(s) which remain stolen following delivery of an Issuer Theft Event Notice, such Allowance(s) are included in the calculation of the Early Redemption Amount in respect of the relevant Carbon ETC Securities but are deemed to have been sold at a price of zero. As a result, the Securityholders may receive substantially less than their original investment or even zero.

Euro Dissolution Redemption Event

Investors should be aware that the Carbon ETC Securities will be redeemed early if the Programme Administrator determines that an event has occurred by which the euro ceases to be the lawful currency of one or more Euro Member States and the Issuer receives a Euro Dissolution Event Notice from the Programme Administrator. Such notice shall be given at the sole discretion of the Programme Administrator and without regard to the interests of the Issuer or any other party (including the Securityholders).

Emissions Disruption Redemption Event

Investors should be aware that the Carbon ETC Securities will be redeemed early if the Programme Administrator determines that an Emissions Disruption Event has occurred and the Issuer receives a Emissions Disruption Redemption Event Notice from the Programme Administrator. Such Emissions Disruption Redemption Event Notice may be given at any time following the occurrence of such Emissions Disruption Event and there may therefore be a long period between the occurrence of such Emissions Disruption Event and the corresponding early redemption. As a result, Securityholder(s) may be paid much later than expected. In addition, during this period of delay, the market value of the Allowance(s) may fall, resulting in a lower return for Securityholders upon early redemption. In addition, such Emissions Disruption Redemption Event Notice shall be given at the sole discretion of the Programme Administrator and without regard to the interests of the Issuer or any other party (including the Securityholders).

Potential loss of investment

Purchasers may lose some or all of their investment and therefore the Carbon ETC Securities are not principal protected. Their Final Redemption Amount and Early Redemption Amount depend on the value of the Underlying Allowance(s) corresponding to the relevant Carbon ETC Security.

Disruption Events

If the Programme Administrator and/or the Determination Agent gives a Disruption Event Notice in respect of a Scheduled Valuation Day, then the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security will not be published in respect of such Scheduled Valuation Day.

If the Programme Administrator and/or the Determination Agent (as applicable) determines that a Disruption Event has occurred or exists with respect to the Early Redemption Valuation Date or the Final Redemption Valuation Date, such date shall be postponed until the first following Valuation Day that is not a Disrupted Day (provided that if no such Valuation Day has occurred on or before the 90th Scheduled Valuation Day following the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, then that 90th Scheduled Valuation Day shall be deemed to be the Final Redemption Valuation Date or Early Redemption Valuation Date and the Programme Administrator will determine the Allowance(s) Entitlement per Carbon ETC Security in respect of such Early Redemption Valuation Date or the Final Redemption Valuation Date (as applicable) in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner)). Purchasers should be aware that the Programme Administrator may determine that the Allowance(s) Entitlement per Carbon ETC Security in respect of such Final Redemption Valuation Date or Early Redemption Valuation Date is zero – purchasers of such Carbon ETC Securities may therefore not receive back their investment and may receive zero.

In addition, the Carbon Counterparty may, in respect of any Disruption Event, notify the Programme Administrator and the Determination Agent if it determines that such event has occurred. The Determination Agent and the Programme Administrator shall, in each case, acting in good faith and in a

commercially reasonable manner, take any such notice from the Carbon Counterparty into account in its determination of the occurrence of the relevant Disruption Event (and in certain circumstances set out in the Conditions, they must act in good faith and in a commercially reasonable manner with respect to the Carbon Counterparty).

Additionally, if (i) following postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable), (a) any day of the Early Redemption Disposal Period or Final Redemption Disposal Period (as applicable) falls after the original Scheduled Maturity Date and/or (b) the number of clear days between the last day of the Early Redemption Disposal Period or Final Redemption Disposal Period (as applicable) and the original Scheduled Maturity Date is less than seven Business Days; and/or (ii) the Early Redemption Valuation Date or Final Redemption Valuation Date (as postponed) falls on a date after after the original Scheduled Maturity Date, then, in each case, the Programme Administrator may postpone the Scheduled Maturity Date by a number of days as determined by the Programme Administrator in its sole and absolute discretion.

Therefore, Securityholders should be aware that the delivery of a Disruption Event Notice by the Programme Administrator and/or the Determination Agent may have an adverse effect on the quantum, on the timing of sale of Allowance(s) to the Carbon Counterparty and on the timing of the calculation and publication of the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security of the Carbon ETC Securities.

Purchasers should be aware that any of the components which comprise the Allowance(s) Entitlement per Carbon ETC Security and Value per Carbon ETC Security calculation will be determined by the Determination Agent and the value of such components may differ from the official values (if any) determined and published by the relevant pricing source in respect of a Early Redemption Valuation Date or Final Redemption Valuation Date. In addition, if no Valuation Day occurs on or before the 90th Scheduled Valuation Day following the Final Redemption Valuation Date or Early Redemption Valuation Date, the Programme Administrator will determine Allowance(s) Entitlement per Carbon ETC Security in its sole and absolute discretion (although such determination shall be made acting in good faith and in a commercially reasonable manner).

A Disruption Event Notice may be given in connection with the following events:

(i) the Allowance(s) Reference Price is not determined and published by the Allowance(s) Reference Price Source within the time period that such rate is customarily determined and displayed (unless the Programme Administrator agrees to use such rate notwithstanding that it was determined and/or published later than is customary);

(ii) an event or circumstance beyond the control of the Determination Agent, including by reason of a technical or operational issue, such that it is impossible for the Determination Agent to perform its obligations under the Determination Agent Agreement that are required to be performed for the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security to be determined in respect of a Scheduled Valuation Day;

(iii) an event or circumstance beyond the control of the party affected that cannot, after the use of all reasonable efforts, be overcome and which makes it impossible for that party to perform its obligations either to deliver or to accept EUAs (and reference to the "party" shall include the Custodian acting on behalf of the Issuer);

(iv) a party is unable to perform its delivery or acceptance obligations under and in accordance with the Conditions and the Scheme through a Relevant Registry as a result of any of the following events: (i) the absence of Registry Operation; or (ii) the occurrence of an Emissions Administrator Event (including, but not limited to, certain suspensions of some or all of the processes of a Relevant Registry) (and reference to the "party" shall include the Custodian acting on behalf of the Issuer);

(v) the Issuer or the Carbon Counterparty (as applicable) fails to deliver all of the relevant number of EUAs comprising the Underlying Allowance(s) to be delivered under and in accordance with the Conditions and such failure occurs other than as a result of an event pursuant to sub-paragraphs (iii), (iv), (vi) or (vii) (and reference to the "Issuer" shall include the Custodian acting on behalf of the Issuer);

(vi) the Issuer or the Carbon Counterparty (as applicable) fails to deliver all of the relevant number of EUAs comprising the Underlying Allowance(s) to be delivered under and in accordance with the Conditions as a result of the failure of the receiving party to comply with the Requirements under the Scheme and such failure is other than as a result of an event pursuant to sub-paragraphs (iii), (iv) or (vii) (and reference to the "Issuer" shall include the Custodian acting on behalf of the Issuer); or

(vii) the Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, for such time until either (i) a replacement or successor has been opened or entered into, or (ii) a Carbon Accounts Closure Redemption Event Notice has been given.

An Allowance(s) Entitlement per Carbon ETC Security and Value per Carbon ETC Security in respect of a Valuation Day may not be published or the publication thereof may be delayed if the Programme Administrator and/or the Determination Agent (as applicable) determines that a Disruption Event occurs or exists in respect of a Scheduled Valuation Day and the relevant Series of Carbon ETC Securities and the Programme Administrator and/or the Determination Agent (as applicable) notifies the Issuer of its determination.

Subordination of Securityholders' claims

During the term of the Carbon ETC Securities, following realisation of the Secured Property (whether by way of sale or enforcement and after taking account of any Taxes incurred, withheld or deducted by or on behalf of the Issuer), the rights of Securityholders to be paid amounts due under the Carbon ETC Securities will be applied in the order of the priority waterfall set out in Conditions 5(c) and 5(d)(ii), and as follows (without double-counting):

(i) the payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable to the Trustee or any receiver under or pursuant to the Security Documents and/or the Trust Deed and/or any other Transaction Document (including, without limitation, any Taxes required to be paid by the Trustee in connection with the performance of its obligations under the Trust Deed and/or the Security Documents and/or the other Transaction Documents, the costs of enforcing or realising all or some of the Security and the Trustee's remuneration (other than any income, corporation or similar tax in respect of the Trustee's remuneration));

(ii) the payment or satisfaction of the Issuer Series Fees and Expenses in respect of the Carbon ETC Securities;

(iii) the payment of any amounts owing to any Paying Agent for reimbursement in respect of proper payment of Principal made to the relevant holders of Carbon ETC Securities;

(iv) the payment, on a *pari passu* basis, of any fees, expenses or other amounts due to (I) the Issuing Agent and any other Paying Agent(s) pursuant to the Agency Agreement, (II) the Determination Agent and the Programme Administrator pursuant to the Determination Agent Agreement and Programme Administrator Agreement (including, for the avoidance of doubt, the fees payable to the Programme Administrator pursuant to Clause 4.1 (*Product Fees*) of the Programme Administrator Agreement), respectively, (III) any Authorised Participant under an Authorised Participant Agreement, (IV) the Corporate Services Provider pursuant to the Administration Services

Agreement, (V) the Carbon Accounts Administrator pursuant to the Carbon Accounts Administrator Agreement and/or the Custody Agreement and (VI) the Custodian pursuant to the Custody Agreement, in each case to the extent they relate to the relevant Series of Carbon ETC Securities and where such fees, expenses or other amounts are payable by (or on behalf of) the Issuer in relation to such Series, but excluding any expenses payable to the Corporate Services Provider under the fee side letter between the Programme Administrator, the Issuer and the Corporate Services Provider dated on or about 15 November 2023 in respect of excess liquidation costs;

(v) the payment of any amounts owing to the Securityholders by the Issuer *pari passu* and rateably; and

(vi) in payment of the balance (if any) to the Issuer.

Change in Fee Levels

There is a product fee that applies to a Series of Carbon ETC Securities which is calculated using the Product Fee Percentage.

The level of the product fee may vary from time to time and the Programme Administrator has certain discretions to adjust the levels of the Product Fee Percentage (and, therefore, the Product Fee). This may potentially result in higher fees being applied and therefore an increase in the daily reduction of the Allowance(s) Entitlement per Carbon ETC Security which, as a result of such reduction, operates as an increased charge on holders of Carbon ETC Securities. Where the Allowance(s) have not performed sufficiently to increase or maintain the Value per Carbon ETC Security of the Carbon ETC Securities by such amount as is necessary to negate the increased Product Fee deducted since the time the purchaser purchased the Carbon ETC Securities, there will be fewer Allowance(s) available to realise on an early or final redemption of the relevant Carbon ETC Securities, which would reduce the return for holders of Carbon ETC Securities. The number of Allowance(s) which are sold by the Issuer to the Carbon Counterparty for the purposes of satisfying the relevant product fee are also subject to rounding, as further detailed in the section titled "*Product Fee*" above.

As the Carbon ETC Securities are represented by Global Securities, investors will have to rely on the procedures of the Relevant Clearing System for transfer, payment and communication with the Issuer

Carbon ETC Securities issued under the Programme shall be in bearer form and represented by Global Securities in either new global note or classic global note form. No individual bearer definitive securities will be produced. Such Global Securities will be deposited with a common depositary for the Relevant Clearing System. The Relevant Clearing System and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Securities. While the Carbon ETC Securities are represented by a Global Security, investors will be able to trade their beneficial interests only through such Relevant Clearing System(s) and their respective participants.

While the Carbon ETC Securities are represented by a Global Security, the Issuer will discharge its payment obligations under the Carbon ETC Securities by making payments to the common depositary for the Relevant Clearing System for distribution to their account holders. A holder of a beneficial interest in a Global Security must rely on the procedures of such Relevant Clearing System to receive payments under the relevant Carbon ETC Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in Global Securities.

Holders of beneficial interests in a Global Security will not have a direct right to vote in respect of the relevant Carbon ETC Securities so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the Relevant Clearing System and their respective participants to appoint appropriate proxies. Similarly, holders of beneficial interests in a Global Security will not have a direct right under such Global Security to take enforcement action against the Issuer in the event of an Enforcement Event under the relevant Carbon ETC Securities.

Meetings of Securityholders, resolutions, modification, waivers and substitution

The Trust Deed contains provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting or in respect of the relevant resolution and Securityholders who voted in a manner contrary to the majority. As a result, Securityholders may be bound by a change to the Conditions or by some other decision that affects your investment in the Carbon ETC Securities even though you have not agreed to such change.

In addition, to the extent that the consent of the Trustee is required under the Conditions or the Trust Deed, the Trustee may, in certain circumstances and without the consent of Securityholders (but in certain circumstances, with the prior written consent of the Programme Administrator), (i) agree to certain modifications of, or the waiver or authorisation of any breach or proposed breach of, the Conditions or any of the provisions of the Trust Deed, the Security Documents and/or any other Transaction Document that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders, (ii) determine that any Event of Default or Potential Event of Default will not be treated as such (provided that the Trustee will not do so in contravention of an express direction given by given by holders of at least one-fifth in number of the Carbon ETC Securities then outstanding or an Extraordinary Resolution) or (iii) agree to the substitution of another company as principal obligor under any Carbon ETC Securities in place of the Issuer provided, *inter alia*, that a change of law in connection with a substitution (if applicable) is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders. To the extent that the consent of the Trustee is required under the Conditions or the relevant Trust Deed, the Trustee may also agree, without the consent of the Securityholders (but only with the prior written consent of the Programme Administrator), to any modification to the Conditions, the Trust Deed each Security Document and/or any other Transaction Document which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error. Any such action by the Trustee as is described in this paragraph may result in your being bound by a change to the Conditions or by some other decision that affects your investment in the Carbon ETC Securities even though you have not agreed to such change.

Prospective purchasers should note that in certain circumstances the Issuer and the relevant Transaction Party may take certain actions and certain amendments may be made to the terms of the Carbon ETC Securities and/or the relevant Transaction Documents without the requirement for the approval of Securityholders by way of an Extraordinary Resolution of Securityholders or the consent of the Trustee. Again, this may result in your being bound by a change to the Conditions or by some other decision that affects your investment in the Carbon ETC Securities even though you have not agreed to such change.

These include (without limitation):

(i) the transfer of Allowance(s) to an Authorised Participant in connection with any buy-back and the related release of Security and any other circumstance in which assets may be released from the security as provided in Condition 5 or in the Security Documents;

(ii) changes to the Product Fee Percentage at any time;

(iii) the termination of any appointment of an Agent or any appointment of an additional or replacement Transaction Party provided such appointment or termination thereof or replacement is effected in accordance with the Conditions and the applicable Transaction Document(s);

(iv) the substitution of the Reference Rate with a Successor Reference Rate, or the replacement of a Reference Rate or Price Source, or any related activities pursuant to these Conditions;

(v) any increase of the Programme Maximum Number of Carbon ETC Securities (if applicable);

(vi) any amendment(s) to any term of the Conditions or any Transaction Document which relate(s) to an operational or procedural issue;

(vii) any amendment to the name of the Programme;

(viii) anything that the Issuer is permitted to do without the prior written consent of the Trustee pursuant to Condition 6 or any other Conditions; or

(ix) the transfer, novation or assignment of the Programme Administrator Agreement effected in accordance with the Conditions.

Securityholder directions

The Conditions of the Carbon ETC Securities permit the holders of one-fifth or more of the number of Carbon ETC Securities then outstanding of a Series following the occurrence of an Event of Default, upon the Issuer becoming entitled to serve a VAT Redemption Event Notice and at any time after the Security has become enforceable, to direct the Trustee to deliver a notice or take such other action in accordance with the Conditions, whereupon the Early Redemption Amount in respect of that Series of Carbon ETC Securities will become due and payable on the relevant Scheduled Early Redemption Date and/or the Security will be enforced by the Trustee, as applicable. Prospective purchasers should be aware, however, that the Trustee will not be obliged to take any step or action or to act in accordance with any such direction unless the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction. This may result in a delay in any step or action being taken by the Trustee and, if the adequate arrangements to pre-fund, secure and/or indemnify the Trustee are not put in place, in no step or action being taken by the Trustee.

Regulatory Events

The global financial crisis of 2008 onwards led to an increased regulation of financial activities. The United States of America, the European Union, the UK and other jurisdictions have implemented, and are still in the process of implementing, various reform measures. Such regulatory changes and the method of their implementation may have a significant effect on the operation of financial markets. In many cases, it is uncertain how such regulatory reform would affect the Issuer, the treatment of instruments such as the Carbon ETC Securities or the activities of other parties that have roles with respect to the Carbon ETC Securities, such as (without limitation) the Programme Administrator and the Trustee. Purchasers should note that the Issuer has a general right to redeem the Carbon ETC Securities (see the risk factor titled "*Risks Relating to the Contractual Features of the Carbon ETC Securities*" – "*Events of Default and other Early Redemption Events: Issuer Call Redemption Event*") which would lead to an early redemption of the relevant Carbon ETC Securities. The impact (or likely or proposed impact) of regulatory reform may lead the Issuer to exercise such right. There can be no assurance that such an event will not occur and purchasers should be aware that, should such an event occur, it may lead to an early redemption of the Carbon ETC Securities at their Early Redemption Amount. As the Early Allowance(s) Redemption Amount (which forms part of the Early Redemption Amount) is calculated and paid irrespective of the current Allowance(s) price, Securityholders may lose some or all of their investment if during the Redemption Disposal Period the Underlying Allowance(s) falls in value.

Exchange rates and exchange controls

The Issuer will make payments in respect of the relevant Series of Carbon ETC Securities in the Specified Currency, being the euro. This will create currency conversion risks if a purchaser's financial activities are denominated principally in a currency or currency unit (the "**Purchaser's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Purchaser's Currency) and the risk that authorities with jurisdiction over the Purchaser's Currency may impose or modify exchange controls. An appreciation in the value of the Purchaser's Currency relative to the Specified Currency would decrease (i) the Purchaser's Currency-equivalent return on the Carbon ETC Securities, (ii) the Purchaser's Currency-equivalent value of the amount(s) payable on the Carbon ETC Securities and (iii) the Purchaser's Currency-equivalent market value of the Carbon ETC Securities.

Change of law

The terms and conditions of the Carbon ETC Securities are based on relevant laws in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practices after the date of this Base Prospectus.

Risks relating to the Allowance(s)

Allowance(s)-linked securities

The Carbon ETC Securities are securities which are linked to the price of specified allowances, credits, permits, rights or similar assets which represent a specific volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a trading scheme for the transferring of such allowances, credits, permits, rights, or similar assets ("**Allowance(s)**"). As at the date of this Base Prospectus, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances ("**EUAs**").

Prospective purchasers should be aware that the price of Allowance(s) can go down as well as up and that the performance of Allowance(s) in any future period may not mirror its past performance. There can be no assurance as to the future performance of any Allowance(s) to which the Carbon ETC Securities are linked.

The Value per Carbon ETC Security of the Carbon ETC Securities incorporates a deduction for Product Fees which affects how closely the Carbon ETC Securities track the price of the relevant Allowance(s). Due to this and other factors, the Carbon ETC Securities may trade differently from the performance of the Allowance(s) to which the Carbon ETC Securities are linked and changes in the market price of the Allowance(s) may not result in a comparable change in the market price or in the Value per Carbon ETC Security of the Carbon ETC Securities.

The performance of Allowance(s) is dependent upon macroeconomic factors including, but not limited to, supply and demand, liquidity, performance of certain sectors caught under compliance schemes, any new developments in technology or other innovations which have the potential to reduce greenhouse gas emissions or to sequestrate carbon, global and regional events, changes in economic and climate policy, direct investment costs and changes in tax rates and changes in laws, regulations and the activities of governmental or regulatory bodies. These events are outside of the Issuer's control and their occurrence may have a positive or negative impact on the price of Allowance(s) to which the Carbon ETC Securities are linked. An investment in the Carbon ETC Securities linked to Allowance(s) is not the same as investing directly and physically holding the relevant Allowance(s) themselves. Whilst there may be certain reasons why an entity may hold an inventory of Allowance(s) directly (for example, where they are caught by compliance schemes and are required to surrender a relevant number of Allowance(s) matching the volume of their greenhouse gas emissions), it also poses administrative burdens and costs, including those arising from maintaining carbon account(s). These administrative burdens and costs may prove unattractive to purchasers who are interested solely in the price movement of Allowance(s). Each Series of Carbon ETC Securities permits a purchaser to obtain exposure to the prices of Allowance(s) without being directly subject to these administrative burdens and costs (although a purchaser of Carbon ETC Securities will incur a fee represented by the deduction of the Product Fee in determining the Allowance(s) Entitlement per Carbon ETC Security). However, a purchaser of a product linked to Allowance(s) can nevertheless be indirectly exposed to the administrative burdens and costs mentioned above, as these may be reflected in the prices at which the Allowance(s) can be bought and therefore in the price of the Carbon ETC Securities.

EUA market value

The market value of EUAs is likely to change during the term of the Carbon ETC Securities.

The EU ETS is a policy-driven cap and trade system established by the EU to reduce the emission of greenhouse gases within the EU. It is therefore exposed to political changes. Any changes which the EU makes to the EU ETS may affect the market price of EUAs. The supply of and demand for EUAs can be affected by political decisions taken in relation to the EU ETS including, but not limited to, the levels of free allocation, a cap on total volume of emissions and the share of allowances up for auction. Such changes may affect the market value of EUAs. Although the relevant legislation currently provides that Phase III EUAs will automatically be converted to EUAs that are compliant during the Fourth Compliance Period, there is theoretically a risk that such legislation may be repealed, potentially with retroactive effect such that such Phase III EUAs are no longer eligible in Phase IV of the EU ETS. This would negatively affect market value (and may, if "Early Redemption: Ineligibility for Phase IV" is specified as applicable in the relevant Final Terms of a Series of Carbon ETC Securities, trigger early redemption).

The EUA market can be volatile due to many other factors, in particular liquidity levels, speculation and market sensitivity to actual or anticipated political decisions and announcements surrounding the EU ETS, and the price of fossil fuels (in particular coal and gas prices). Any change in the global, regional political, economic or financial conditions that have contributed or may contribute to a decrease in the value of EUAs (including a downturn in demand for EUAs) may affect the market price of the Carbon ETC Securities, including any market price received by an investor in any secondary market transaction.

Such events could also cause trading on relevant exchanges to be disrupted, including exchanges which operate futures and options markets in EUAs or which conduct auctions in EUAs for the purposes of the EU ETS.

The market value of EUAs may fluctuate according to the growth or reduction in economic activity in countries which are significant producers of carbon emissions or in industries or industrial sectors within the scope of the EU ETS.

Further, the market value of EUAs may also vary according to the delivery date of any transaction. The market in EUAs has moved between a backward-dated and contango state and may do so in the future. The forward curve may also be affected by the transition between one phase of the EU ETS and another; and backwardation or contango in EUA prices may be affected by, among other things, changes in actual or expected policy to be applied across any such phases.

Liquidity Risk

The market price of the Carbon ETC Securities will be a function of the supply and demand amongst investors wishing to buy and sell the Carbon ETC Securities and the bid/offer spread that market-makers are willing to quote for the Carbon ETC Securities on any relevant stock exchange or market. If there is a high level of demand for a relevant Series of Carbon ETC Securities then, other things remaining equal, those Carbon ETC Securities are likely to trade at a premium. Authorised Participants have the right (but not the obligation) to require the Issuer to issue further Carbon ETC Securities of a Series. If the Authorised Participants exercise such right, this will increase supply and would reduce any such premium. Purchasers who buy Carbon ETC Securities at a premium risk losing such premium if demand for such Series of Carbon ETC Securities abates (for example, when new Carbon ETC Securities of an existing Series of Carbon ETC Securities are issued).

Pricing Volatility

Carbon markets have the potential to suffer from market disruption or volatility. Such events could result in sudden increases in Allowance(s) prices for a short period (also known as price spikes). Price spiking can also result in volatile forward rates which could result in the bid/offer spread (the difference between the bid price (i.e. the price at which a holder can sell Carbon ETC Securities to the Authorised Participant) and the offer price (i.e. the price at which a holder can buy Carbon ETC Securities from the Authorised Participant)) on any stock exchange or market where the Carbon ETC Securities are traded to widen, reflecting short-term forward rates in the Allowance(s).

The recent growth of investment products offering investors an exposure to Allowance(s) (including products similar to the Carbon ETC Securities and the Carbon ETC Securities themselves) may significantly change the supply and demand profile of the market from that which has traditionally prevailed. Changes in supply and demand for such investment products will directly impact on the supply and demand in the market for the underlying Allowance(s). This may have the effect of increasing volatility in the price and supply of the relevant Allowance(s). Such products require the purchase and sale of the relevant Allowance(s), and, depending on the success of such products, this may lead to a substantial increase in the volume of transactions.

Holding of EUAs by the Custodian and transfer of EUAs by instruction from the Carbon Accounts Administrator

The Underlying Allowance(s) will comprise EU allowances ("**EUAs**"). EUAs are held in accounts in the Union Registry, managed by individual Member States (pursuant to Article 19(1) of the EU ETS Directive). Every account has an administrator responsible for administering the account on behalf of a Member State or on behalf of the Union. The EUAs comprising the Underlying Allowance(s) in respect of a Series will be held on a pooled basis for such Series in a carbon account opened by and in the name of the Custodian (on behalf of the Issuer), in the Luxembourg section of the Union Registry (with such account(s) managed by the Carbon Accounts Administrator by instruction to the Custodian). A separate carbon account will be opened in respect of each Series. The EUAs will therefore be subject to the relevant rules, laws, regulations and conditions imposed in accordance with both EU law and Luxembourg law. The transfer of EUAs may be subject to limitations and restrictions imposed in accordance with these laws or by the Union Registry and, therefore, the Custodian may not be able to effect the transfer of the EUAs as required (including to an Authorised Participant on buy-back or to the Carbon Counterparty pursuant to the Carbon Counterparty Agreement) or, where the relevant security has become enforceable, as instructed by the Trustee. In respect of the transfer of EUAs following enforcement, see the risk factor titled "*Enforcement in respect of EUAs*".

Fraud relating to carbon credits

As with many similar financial markets, the EU ETS has historically been subject to fraud and attacks of cybercrime, phishing and cyber-hacking scams. Historically, cyber-criminals have stolen allowances from accounts (in the then existing national registries) and sold them on exchanges via the spot market. This can and has caused significant liquidity issues in the market, exacerbated by the interventions of the relevant authorities to prevent further such security breaches (including by suspending the trading and delivery of EUAs). In addition, fraudsters have historically implemented so called VAT carousels whereby EUAs were purchased from countries that did not charge VAT and on-sold to buyers in countries that did charge the tax, with the fraudsters pocketing the VAT and then disappearing.

These frauds received substantial media coverage. Such negative publicity may contribute to the decrease in the value of EUAs and affect the market price of EUAs and the Carbon ETC Securities, including any market price received by an investor in any secondary market transaction.

Enforcement in respect of EUAs

Following the occurrence of an Enforcement Event, being (i) if payment of Principal in respect of the relevant Series of Carbon ETC Securities is not made in full when due on the Scheduled Maturity Date or the relevant Scheduled Early Redemption Date (if applicable); or (ii) upon the occurrence of a Carbon Counterparty FTP Consequence (where the Carbon Counterparty fails to transfer the corresponding relevant net sale proceeds on a sale and purchase of Allowance(s) on redemption and (x) the relevant parties fail to agree on the terms of re-settlement, (y) payment in respect of such transaction fails (or will fail) to settle on or prior to the relevant long-stop date or (z) the Carbon Counterparty fails to return the relevant number of Allowance(s) to the Issuer by the relevant time following its failure to pay), the Security over the Secured Property shall become enforceable.

On enforcement of the Security by the Trustee, the sums that the Trustee recovers (if any) may not be equal to the sums available to the Issuer to apply towards payment of the Early Redemption Amount or the Final Redemption Amount (as applicable) to Securityholders in accordance with the Conditions, had such Enforcement Event not occurred and there may also be a long period between enforcement and the time of any payment to Securityholders (if any). If, following realisation in full of the Secured Property relating to the Carbon ETC Securities (by way of enforcement) and application of available cash sums as provided in Condition 5, the Trust Deed and the Security Documents (and/or in the case of a buy-back, following delivery of Allowance(s) (as applicable)), any outstanding claims against the Issuer in respect of such Carbon ETC Securities remain unpaid (or unsatisfied due to non-delivery of all or a portion of the relevant number of Allowance(s) in the case of buy-back), then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances, purchasers of the Carbon ETC Securities may not receive back their investment and may receive zero.

Enforcement: Custody Agreement

For the purposes of operating the Series Carbon Account, the Issuer is expected to instruct the Custodian to appoint eight authorised representatives in respect of each Series Carbon Account (comprising six representatives of the Carbon Accounts Administrator, one representative of the Custodian and one representative of the Programme Administrator). The Custodian will agree, pursuant to the relevant Custody Agreement, that it shall, in the case of all Security, immediately upon its receipt of an Enforcement Notice from the Trustee following the occurrence of an Enforcement Event (provided, in the case of the Jersey Law Security only, such notice has also been served on the Issuer by the Trustee), procure that authorised representatives employed by it (and appointed by the Custodian on the Issuer's instruction from time to time, except for the representative of the Programme Administrator who has passive "read only" access only) ceases to act upon the Issuer's instructions (or the instructions of the Carbon Accounts Administrator on the Issuer's behalf) and acts solely upon the Trustee's instructions, in respect of the relevant Series Carbon Account and such enforcement, in each case, to the extent such instructions relate to such Series Carbon Account. The Carbon Accounts Administrator further agrees, under the Custody Agreement, to procure that authorised representatives who are employees of the Carbon Accounts Administrator also act accordingly.

The Trustee may effect enforcement by relying upon the terms of the relevant Carbon Accounts Administrator Agreement and the relevant Custody Agreement – in this case, its ability to meet its obligations with respect to the Carbon ETC Securities will be dependent, *inter alia*, upon:

(i) the performance by the Carbon Accounts Administrator and Custodian of their obligations under the relevant Carbon Accounts Administrator Agreement and relevant Custody Agreement (as applicable). In the event of a bankruptcy or insolvency of the Carbon Accounts Administrator and/or Custodian, there can be no assurance that the Trustee would, in enforcing the security, be able to deliver, take delivery of and/or realise the EUAs in the relevant Series Carbon Account. In particular, in the event of bankruptcy or insolvency of the Custodian, the Luxembourg Account Administrator may prevent any person (including the Custodian and the appointed authorised representatives in respect of such Series Carbon Account) from accessing the Series Carbon Account. Such access may be suspended until such time as evidence is provided, to the Luxembourg Account Administrator's satisfaction that, despite the Custodian's insolvency or bankruptcy, the appointment of the appointed authorised representatives in respect of the Series Carbon Account are not affected (for further detail, please see the risk factor titled "*Transfer of EUAs following Custodian insolvency*"). Consequently, the Securityholders take insolvency risk on the Carbon Accounts Administrator and Custodian;

(ii) the performance by the Custodian of its other obligations under the relevant Custody Agreement (including the obligation not to remove or revoke its appointment of the relevant authorised representatives); and

(iii) upon the Security becoming enforceable, the Custodian and the authorised representatives appointed by the Custodian in respect of each Series Carbon Account acting on the instructions of the Trustee in relation to such Series Carbon Account and such enforcement, in accordance with the terms of the relevant Custody Agreement.

If the Trustee is unable to successfully enforce the Security in respect of the Allowance(s), Securityholder(s) may receive zero.

Transfer of EUAs following Custodian insolvency

The Series Carbon Account is held in the name of the Custodian (on behalf of the Issuer) in the Luxembourg section of the Union Registry. As such, in an event of bankruptcy or insolvency of the Custodian, the Luxembourg Account Administrator may prevent any person (including the Custodian and the appointed authorised representatives in respect of such Series Carbon Account) from accessing the Series Carbon Account (including for the purpose of any transfers of Allowance(s) in or out of such account which may also include a transfer of Allowance(s) to the account of a replacement custodian). The Luxembourg Account Administrator may prevent access to and suspend the Series Carbon Account until such time as evidence is provided, to the Luxembourg Account Administrator's satisfaction, that, despite the Custodian's insolvency or bankruptcy, the appointment of the authorised representatives in respect of Series Carbon Account are not affected, notwithstanding the occurrence of the Custodian insolvency or bankruptcy. For this purpose, the Luxembourg Account Administrator will require "*official information about who has the rights to represent the account holder*" (as such phrased is used pursuant to Article 30(5) of the Registries Regulation) and consider such information on a case-by-case basis. In the event that evidence is provided which is deemed satisfactory, it is not clear when access to the Series Carbon Account by the Custodian's appointed authorised representatives will be unblocked. If no satisfactory evidence is deemed provided to the Luxembourg Account Administrator by it, the relevant authorised representatives would be unable to access the Allowance(s) held in the relevant Series Carbon Account. This may, *inter alia*, affect whether or not the Allowance(s) could be transferred to a replacement custodian, whether or not the Issuer could satisfy any transfers of Allowance(s) to meet its allowance sale obligations or obligations to transfer Allowance(s) in respect of subscriptions and buy-backs and the Trustee's ability to enforce the Security in respect of the Allowance(s) or the timing in respect of any of such events. In particular, where this affects the security enforcement process, see the risk factor titled "*Holding of EUAs by the Custodian and transfer of EUAs by instruction from the Carbon Accounts Administrator*" for further information.

Enforcement of Jersey Law Security

In the case of Jersey Law Security only, the Security in respect of the Jersey Law Secured Property shall only become enforceable following service of the Enforcement Notice on the Issuer by the Trustee. The Trustee is obliged to serve such Enforcement Notice pursuant to the Conditions and the relevant Trust Deed following the occurrence of an Enforcement Event but in the event it does not do so, the Jersey Law Security would not be enforceable. None of the Secured Creditors, the Other Creditors, the Securityholders of the relevant Series of Carbon ETC Securities or the other Transaction Parties shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of the Trust Deed unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure is continuing. Although the Trustee may be removed and replaced pursuant to the terms of the relevant Trust Deed, this may result in a delay in any step or action being taken by the replacement Trustee and a further delay in the payment of amounts owed to the Securityholders.

Redemption Amounts and Early Redemption Amounts are calculated and paid irrespective of the current Allowance(s) price

The Carbon Counterparty will purchase the Underlying Allowance(s) from the Issuer during the relevant Redemption Disposal Period on the terms set out in the relevant Counterparty Agreement at the Relevant

Price, being an amount determined by the Carbon Counterparty which is equal to the product of (i) the price in EUR for one Allowance, that the Carbon Counterparty believes (acting in good faith and in a commercially reasonable manner) is representative of an intra-day fair market price on the date such Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty, based on market conditions then prevailing; and (ii) in relation to each sale of Underlying Allowance(s) in respect of an Early Redemption Valuation Date or Final Redemption Valuation Date, the number of relevant Underlying Allowance(s). The Carbon Counterparty shall deduct all amounts which they are entitled to deduct from the Relevant Price (including certain fees, taxes and expenses in accordance with the relevant Carbon Counterparty Agreement) before paying the net sale proceeds to the Issuer.

Such prices, and the corresponding net sale proceeds, will affect the determination of the Final Redemption Amount or Early Redemption Amount (as applicable). Assuming all other factors remain constant and subject to the Carbon Counterparty's determination, lower Allowance(s) prices during the Redemption Disposal Period may lead to a lower Final Redemption Amount and Early Redemption Amount and as a result, purchasers may lose some or all of their investment if the relevant Underlying Allowance(s) fall in value (or does not perform well enough to offset the application of the Product Fee or the deduction of certain fees, taxes and expenses by the Carbon Counterparty) — the greater the fall in value of the Underlying Allowance(s), the greater the loss of a purchaser's investment.

Purchasing or selling activity in the market may cause temporary increases or decreases in the price of Allowance(s), which may have an adverse effect on the value of the Carbon ETC Securities

Purchasing activity associated with acquiring Allowance(s) required for the Authorised Participant to subscribe for Carbon ETC Securities of a relevant Series may temporarily increase the market price for the relevant Allowance(s), which may result in a higher Value per Carbon ETC Security for certain periods of time. Other market participants may attempt to benefit from an increase in the market price of the relevant Allowance(s) due to increased purchasing activity of the relevant Allowance(s) connected with the issuance of new securities of a Series of Carbon ETC Securities which could result in a temporarily higher Value per Carbon ETC Security.

Conversely, selling activity by the Issuer following the Final Redemption Valuation Date or, where relevant, an Early Redemption Valuation Date (which may have the effect of lowering the price of the Allowance(s)) may be observed and/or predicted by other market participants who may attempt to benefit by purchasing any relevant Allowance(s) at artificially lower prices than would have occurred had no such Final Redemption Valuation Date or Early Redemption Valuation Date occurred.

The Value per Carbon ETC Security of the Carbon ETC Securities will be affected by movements in Allowance(s) generally and by the way in which those prices affect the Allowance(s) to which the Carbon ETC Securities are linked.

Disruption of markets on which Allowance(s) are traded

Any disruption to the relevant exchange or trading facility for trading of the relevant type of Allowance(s) can affect the secondary market and the price of such Allowance(s) and the Value per Carbon ETC Security of the Carbon ETC Securities. Markets, exchanges and trading facilities have the potential to suffer from market disruption, due to trading failures or other events. Such events could result, *inter alia*, in a failure to publish the price the Allowance(s) and this may result in non-calculation and non-publication of the Allowance(s) Entitlement per Carbon ETC Security and/or the Value per Carbon ETC Security of the Carbon ETC Securities where a Disruption Event is triggered. This may also trigger early redemption events such as an Emissions Disruption Redemption Event, resulting in the early redemption of the Carbon ETC Securities at their Early Redemption Amount. As the Early Allowance(s) Redemption Amount is calculated and paid irrespective of the current price of the relevant Allowance(s), Securityholders may lose some or all of their investment if during the Redemption Disposal Period, the Underlying Allowance(s) fall in value.

Military action by Russia in Ukraine and impact on EUA market value

The action of Russian military forces and support personnel in Ukraine has escalated tensions between, *inter alia*, Russia and the U.S., the North Atlantic Treaty Organization (NATO), the European Union and the UK – these actions by Russia, and any resulting measures taken by the U.S. or its allies, has had, and may continue to have, impact on regional and global financial markets and economic conditions, including without limitation, the global energy markets and the EUA market. The extent of the impact on the latter will continue to depend significantly on future developments, which are uncertain and cannot be predicted.

Prospective purchasers should be aware that any negative impact of Russia's actions in Ukraine, and related sanctions, export controls and similar actions or laws, may result in significant volatility in the EUA market which, in turn, may negatively affect the market price of the Allowance(s) and the Carbon ETC Securities, including any market price received by an investor in any secondary market transaction. As the calculation of the Early Redemption Amount or Final Redemption Amount is linked to the performance of the Allowance(s), Securityholders may also receive substantially less than their original investment or even zero.

Abandonment of the EU ETS

The EU ETS is a policy driven cap and trade system established by the EU to reduce the emission of greenhouse gases within the EU. It is therefore exposed to political changes. The European Council currently considers that a well-functioning EU ETS is one of the key measures for achieving the EU's target to reduce greenhouse gas (GHG) emissions by 55 per cent. below 1990 levels by 2030 and for fulfilling the EU's commitments under the Paris Agreement and Fit for 55 proposal. However, it is possible that at some point the EU may abandon the EU ETS in favour of other policy measures. If this were to happen then EUAs may cease to be tradable or to have a market value.

Regulatory treatment

The regulatory treatment of EUAs and of trading in EUAs (including under Directive 2004/39/EC ("**MiFID**") and other financial regulations) is evolving and is subject to the risk of change. Changes in the level and nature of regulation may affect a market participant's continued ability to trade in EUAs or to implement a trading strategy in relation to them.

Programme Administrator calculations and determinations

Certain calculations and determinations are made by the Programme Administrator under the programme, including, *inter alia*, the determination (in its sole discretion and without regard to any related determination by any of the other parties or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the other parties) as to whether there is a proposal to change, or that there has been an adoption of any change in, any applicable policies (including the EU emissions policy) or law or the electronic accounting systems impacting the EUAs constituting the Underlying Allowance(s) or the Union Registry after the Series Issue Date as a result of which it becomes unlawful for (a) the Issuer or the Carbon Accounts Administrator (acting on the Issuer's behalf) to perform any absolute or contingent obligation to instruct or procure a delivery in respect of the EUAs constituting the Underlying Allowance(s) or any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s) or (b) the Issuer to comply with any other material provision of any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s). See the section titled "*Overview of the potential for discretionary determinations by the Issuer, the Carbon Counterparty and the Programme Administrator*" for further information on the determinations that can be taken by the Programme Administrator.

No investigations

The Issuer has not made any investigations, searches or other enquiries and no express or implied representations or warranties are made by or on behalf of the Issuer, the Programme Administrator, an

Authorised Participant, the Trustee or any other person on their behalf in respect of the EUAs comprising the Underlying Allowance(s).

Risks relating to the operation of the Union Registry

The suspension of some or all of the processes or functioning of the Union Registry or the Luxembourg section of the Union Registry, or scheduled or emergency maintenance of the Union Registry or the Luxembourg section of the Union Registry, or the failure to operate and maintain the Union Registry or the Luxembourg section of the Union Registry, may prevent or delay delivery of the EUAs and/or the transfer of the Underlying Allowance(s) as instructed by the Issuer or the Carbon Accounts Administrator on behalf of the Issuer (and may also trigger a Disruption Event), or, where the relevant security has become enforceable, as instructed by the Trustee. For further information on Disruption Events, see the risk factor titled "*Disruption Events*" above.

Risks relating to the UK's departure from the EU

Following the UK's departure from the EU ETS, there is a risk that the new UK Emissions Trading Scheme may affect demand and supply for EUAs now or in the future, which may impact the market value of EUAs.

Risks relating to the Carbon Counterparty, the Carbon Accounts Administrator, the Custodian the Programme Administrator and Authorised Participants

Securityholders of a Series are exposed to solvency risk of the Carbon Accounts Administrator

The Issuer's ability to meet its obligations with respect to the Carbon ETC Securities will be dependent upon the performance by the Carbon Accounts Administrator of its obligations under the relevant Carbon Accounts Administrator Agreement and the relevant Custody Agreement. In the event of a bankruptcy or insolvency of the Carbon Accounts Administrator, there can be no assurance that the Custodian will be able to deliver, take delivery of and/or realise the EUAs in the relevant Series Carbon Account(s) (which are managed by the Carbon Accounts Administrator by instruction to the Custodian) at all or on a timely basis. Consequently, the Securityholders take insolvency risk on the Carbon Accounts Administrator.

In addition, pursuant to the terms of the Carbon Accounts Administrator Agreement, the Carbon Accounts Administrator shall not be liable to any person (including the Issuer) for any loss arising out of or in connection with the performance by the Carbon Accounts Administrator of its obligations under the relevant Carbon Accounts Administrator Agreement, the Conditions or any other Transaction Document to which it is a party, unless such loss was caused by its own bad faith, fraud, negligence or wilful misconduct. Furthermore, the Carbon Accounts Administrator shall not be liable for any consequential, special, indirect or speculative loss or damages (including, but not limited to, loss of profits, whether or not foreseeable) suffered by the Issuer in connection with the transactions contemplated by and the relationship established by the relevant Carbon Accounts Administrator Agreement. Any failures in performance by the Carbon Accounts Administrator may result in the Securityholders losing some or all of their investment.

For further risks relating to the Carbon Accounts Administrator following enforcement, see also the risk factor titled "*Enforcement in respect of EUAs*".

Securityholders of a Series are exposed to solvency risk of the Custodian

The Issuer's ability to meet its obligations with respect to the Carbon ETC Securities will be dependent upon the performance by the Custodian of its obligations under the relevant Custody Agreement. In the event of a bankruptcy or insolvency of the Custodian, its appointment will be immediately terminated, and the Issuer shall seek to appoint a successor or replacement entity (such successor or replacement being an Eligible Custodian) within the time period prescribed by the relevant Custody Agreement. There can be no assurance that during that time, the Issuer (or the Carbon Accounts Administrator instructing the Custodian on the Issuer's behalf) will be able to satisfy its delivery, receipt and/other realisation obligations

in respect of the the EUAs held by the Custodian (on the Issuer's behalf) in the relevant Series Carbon Account at all or on a timely basis. The risk of failing to carry out instructions relating to the transfer of EUAs also applies in the event of a bankruptcy or insolvency of the Custodian during the period of Security enforcement by the Trustee. Consequently, the Securityholders take insolvency risk on the Custodian.

In addition, pursuant to the terms of the Custody Agreement, the Custodian shall not be liable to the Issuer for any loss suffered by or incurred by the Issuer, unless such loss was a direct result of the bad faith, wilful misconduct, fraud or gross negligence of the Custodian. Any failures in performance by the Custodian may result in the Securityholders losing some or all of their investment.

Reliance on the records of the Custodian

The definitive records of the Custodian in respect of each Series Carbon Account are prepared by members of their operations teams and their computer systems which track the number of Underlying Allowance(s) in each Series Carbon Account for each relevant Series of Carbon ETC Securities.

In the event that there are computer system failures or human error making any relevant entries to the records, and in the event of an insolvency of the Custodian it may be difficult to determine the accuracy of any entries and such determination may take significant time.

Therefore, any such computer system failures or human errors may result in the Securityholders losing some or all of their investment if such determination will take significant time or is unable to be made.

Securityholders of a Series are exposed to performance and insolvency risk and the creditworthiness of the Carbon Counterparty in respect of the net sale proceeds of the Underlying Allowance(s)

The ability of the Issuer to meet its obligations under the Carbon ETC Securities on redemption depends on the receipt by it of the aggregate net sale proceeds from the Carbon Counterparty in respect of the Issuer's sale of Underlying Allowance(s) to the Carbon Counterparty before the Scheduled Maturity Date or the Scheduled Early Redemption Date (as applicable). If the Carbon Counterparty does not pay the net sale proceeds which are payable under the relevant Carbon Counterparty Agreement in full when due in respect of each sale and purchase of Underlying Allowance(s) during the relevant Redemption Disposal Period in connection with the redemption of the Carbon ETC Securities, the Issuer may consequently fail to pay the Final Redemption Amount or Early Redemption Amount (as applicable) in full when due and the Security under the Carbon ETC Securities may become enforceable (provided that in the case of Jersey Law Security only, the Security in respect of the Jersey Law Secured Property shall only become enforceable once the Enforcement Notice has been served on the Issuer by the Trustee).

In particular, in respect of the settlement process for a sale of Underlying Allowance(s) on redemption, the Underlying Allowance(s) are transferred to the Carbon Counterparty up to two Business Days before the corresponding net sale proceeds are received in the Issuer's Series Cash Account. if the relevant number of Underlying Allowance(s) have been transferred to the Carbon Counterparty's carbon account but the Carbon Counterparty fails to transfer the corresponding relevant net sale proceeds to the Issuer in accordance with the relevant Carbon Counterparty Agreement for any reason, the Carbon Counterparty shall return to the Issuer the same number of Underlying Allowance(s) that have been transferred to it in respect of such transaction by no later than 6pm (London time) on the Business Day following the relevant payment date, resulting in a period of up to three Business Days during which the Issuer will not be in possession of the Underlying Allowance(s).

As the Security in respect of such Underlying Allowance(s) is released at the point of transfer, if the Carbon Counterparty does not return such Allowance(s) to the Issuer within the specified timeframe and an Enforcement Event subsequently occurs, the Trustee would not have direct access to such Allowance(s) and will only be able to enforce the security held in respect of the Issuer's rights under the Carbon Counterparty Agreement. The sums that the Trustee recovers (if any) may not be equal to the sums that the Issuer would otherwise have received from the Carbon Counterparty (which the Issuer would have

been able to apply towards payment of the Early Redemption Amount or the Final Redemption Amount (as applicable) to Securityholders in accordance with the Conditions), had the Carbon Counterparty not failed its payment obligations and there may also be a long period between enforcement and the time of any payment to Securityholders (if any).

If, following realisation in full of the Secured Property relating to the Carbon ETC Securities (by way of liquidation or enforcement) and application of available cash sums as provided in Condition 5, the Trust Deed and the Security Documents (and/or in the case of a buy-back, following delivery of Allowance(s) (as applicable)), any outstanding claim against the Issuer in respect of the Secured Issuer Obligations or Other Issuer Obligations remains unpaid (or unsatisfied due to non-delivery of all or a portion of the relevant number of Allowance(s) in the case of buy-back), then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances, purchasers of the Carbon ETC Securities may not receive back their investment and may receive zero. Therefore, as the Issuer is dependent on the Carbon Counterparty in respect of the aggregate net sale proceeds of the Underlying Allowance(s), Securityholders of a Series are exposed to the creditworthiness of the Carbon Counterparty as well as Carbon Counterparty performance and insolvency risk.

Securityholders of a Series are exposed to the creditworthiness of the Programme Administrator in respect of its obligations under the Programme Administrator Agreement

The ability of the Issuer to service the costs of the Programme as set out under the Programme Administrator Agreement depends on the Programme Administrator meeting its obligation to pay on behalf of the Issuer such costs of the Programme. If the Programme Administrator does not pay in full the amounts payable under the Programme Administrator Agreement when due in connection with the costs of the Programme and the Issuer does not recover fully on its claims against the Programme Administrator in relation to such non-payment, upon sale of the Underlying Allowance(s) following an Early Redemption Valuation Date or following enforcement of the Security, any costs so unpaid may form part of the fees, expenses and charges due to certain Transaction Parties which rank prior to the claims of the Securityholders of a Series and may reduce the amount recoverable by the Securityholders. Therefore, Securityholders of a Series are exposed to the creditworthiness of the Programme Administrator in meeting its payment obligations under the Programme Administrator Agreement.

Tax risks

No gross-up

Each Securityholder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Carbon ETC Securities. In the event that any withholding or deduction for, or on account of, any Taxes is imposed on payments on the Carbon ETC Securities, then if and to the extent that such withholding or deduction (as applicable) is required by applicable laws, the Paying Agent shall make the relevant payment in respect of such Carbon ETC Securities pursuant to the relevant Agency Agreement after such deduction or withholding (as applicable) has been made and shall account to the relevant Authority (as defined in the relevant Agency Agreement) within the time allowed for the amount deducted or withheld and the Securityholders will not be entitled to receive amounts or assets to compensate for any such withholding or deduction. In such circumstances, the sums available to pay the Final Redemption Amount or the Early Redemption Amount may not be sufficient to satisfy in full the claims of the Securityholders (who, in the case of early redemption, will also be paid only after all creditors whose claims rank in priority to those of the Securityholders). No Event of Default will occur as a result of any such withholding or deduction.

Transfers of Allowance(s) between the Issuer and the Carbon Counterparty under the Carbon Counterparty Agreement in relation to a Series of Carbon ETC Securities may be subject to charges, withholding or deduction for, or on account of, Taxes. In respect of each sale and purchase of Allowance(s) by the Issuer to the Carbon Counterparty, the Carbon Counterparty is permitted to deduct any withholding

tax, stamp duty, transfer taxes, registration taxes or similar duties arising from or connected with such purchase (as applicable and in addition to their fees and expenses) before the net sale proceeds are paid to the Issuer, but only to the extent that the Carbon Counterparty is unable to recover, obtain a repayment of or obtain a credit for such tax). Investors should be aware that this is reflected in the calculation of the Early Redemption Amount and Final Redemption Amount such that the amounts received by Securityholder(s), even assuming the liquidation of such Allowance(s) is not disrupted, would be less than the intra-day fair market price of such Allowance(s).

Transfers of Allowance(s) between the Issuer and an Authorised Participant under an Authorised Participant Agreement in relation to a Series of Carbon ETC Securities may be subject to Transfer Taxes (as defined in the relevant Authorised Participant Agreement, including any VAT, UK VAT and Jersey GST, as applicable). The relevant Authorised Participant may be required to indemnify the Issuer for such taxes or be responsible for discharging such taxes pursuant to the relevant Authorised Participant Agreement – investors should be aware that such taxes may be factored into the price as individually agreed between an Authorised Participant (or an Authorised Offeror) and the relevant purchaser of the Carbon ETC Securities and neither the Issuer, the Programme Administrator nor any other Transaction Party (except for the relevant Authorised Participant) shall be responsible for the disclosure or discharge of any such taxes.

The Issuer may become liable for Tax charges or be required to account for Tax whether by direct assessment or withholding. In addition to the considerations highlighted in this risk factor above, this may trigger certain early redemption events including, *inter alia*, an Issuer Change in Law or Regulation Redemption Event if any such event occurs due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority) that materially increases the cost to the Issuer of performing its obligations under the Carbon ETC Securities or makes it illegal for the Issuer to do the same or to acquire Allowance(s) or to hold or dispose of all or some only of the Underlying Allowance(s) (including in relation to holding the benefit of the Allowance(s)), the Carbon ETC Securities may become subject to early redemption. Any such event may have an impact on the market value of the Allowance(s) and accordingly, there is a risk that Securityholders may receive a lower return on their investment than they would have done had such early redemption event not occurred.

Potential investors should consult your selling agent for details of fees, expenses, commissions or other costs and your own tax advisors in order to understand fully the tax implications specific to investment in any Carbon ETC Securities.

Tax treatment of EUAs

The tax treatment of EUAs and of transactions in EUAs is also subject to change and may vary according to the fiscal policy of the relevant jurisdiction. Changes in tax treatment may affect the economics of a market participant's planned activities.

Jersey GST

Although the Issuer is expected to remain an "international services entity" for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the "2007 Law") such that goods and services tax at a rate of 5 per cent. would not apply to the supply of goods or services by the Issuer (subject to the Issuer continuing to satisfy the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended), should the 2007 Law or any related laws or regulations be amended it is possible the Issuer would become subject to goods and services or a similar tax in Jersey.

If the Issuer will, or there is a substantial likelihood that it will, *inter alia*, on the next date on which there is a sale of Allowance(s) in relation to the Product Fee or in respect of final redemption or early redemption of the Carbon ETC Securities, be required to make a payment in respect of Jersey GST, register for Jersey

GST or otherwise be required to account for Jersey GST on such sale, the Issuer may, but is not obliged to, early redeem the Carbon ETC Securities (unless the Trustee, following direction from the relevant Securityholders, serves a Termination Event Redemption Notice, in which case the Carbon ETC Securities shall be redeemed).

In particular, where the Carbon ETC Securities are not early redeemed and/or where Jersey GST requires to be accounted for in the sale and purchase of Allowance(s) from the Issuer to the Carbon Counterparty, the Carbon Counterparty is permitted to deduct such taxes arising from or connected with such purchase, which will decrease the net sale proceeds paid to the Issuer which are applied towards the Final Redemption Amount or the Early Redemption Amount. Depending on the terms of sale agreed with the Trustee on enforcement (if applicable), such deductions may also apply in the event of enforcement on a sale of Allowance(s) to the Carbon Counterparty on instruction by the Trustee. Securityholder(s) may therefore receive substantially less than if Jersey GST had not applied and may lose some or all of their investment.

Action Plan on Base Erosion and Profit Shifting

International fiscal and taxation policy and practice is constantly evolving and recently the pace of change has increased due to a number of developments. In particular a number of changes of law and practice are occurring as a result of the Organisation for Economic Co-operation and Development ("**OECD**") Base Erosion and Profit Shifting project ("**BEPS**").

In July 2013 the OECD published its Action Plan on BEPS, which proposed fifteen actions intended to counter international tax base erosion and profit shifting. On 5 October 2015 the OECD released its final recommendations. On 24 November 2016, more than 100 jurisdictions (including Jersey) concluded negotiations on a multilateral convention that is intended to implement a number of BEPS related measures swiftly. As of 28 July 2022, the multilateral convention had been signed by 99 jurisdictions (including Jersey). It entered into force on 1 July 2018. The date from which provisions of the multilateral convention have effect in relation to a treaty depends on several factors including the type of tax which the relevant treaty article relates to. Purchasers should note that some of the action points (such as Action 4, which can deny deductions for financing costs) may be implemented in a manner which adversely affects the tax position of the Issuer.

CONFLICTS OF INTEREST

DWS Investments UK Limited

As at the date of the Base Prospectus, DWS Investments UK Limited is the Programme Administrator. However, in connection with ongoing or future restructuring and/or reorganisations within the DWS Group, it is possible that some of the roles currently performed by DWS Investments UK Limited may be novated, delegated or otherwise transferred to a different entity within the DWS Group without the prior written consent of Securityholders or the Trustee, provided that it is legally permitted to make such novation, delegation or transfer. DWS Investments UK Limited acting through any of its branches or Affiliates may also be an Authorised Participant or an Authorised Offeror in relation to a Series of Carbon ETC Securities. DWS Investments UK Limited and its affiliates have been, or may be, appointed to act as a distributing entity in respect of the Carbon ETC Securities.

DWS Investments UK Limited as the Programme Administrator, has certain discretions to adjust the levels of the Product Fee Percentage (and, therefore, the Product Fee) in relation to each Series of Carbon ETC Securities. The remuneration of the Programme Administrator is included in the Product Fee in relation to each Series of Carbon ETC Securities and depends on the amount of the Product Fees and their sufficiency to cover the costs of the Programme.

Subject always to their regulatory obligations in performing each or any of these roles, DWS entities do not act on behalf of, or accept any duty of care or any fiduciary duty to, any Securityholder or any other Transaction Party. Each relevant DWS entity will pursue actions and take steps that it deems appropriate to protect its interests without regard to the consequences for the purchasers of the Carbon ETC Securities or any other person.

A DWS entity and/or its Affiliates may engage in trading and market-making activities and may hold long or short positions in any Allowance(s), other instruments or derivative products based on or related to the Allowance(s), Allowance(s) for their proprietary accounts or for other accounts under their management. DWS entities may also issue securities or enter into financial instruments in relation to any Allowance(s). To the extent that any DWS entity, directly or through its Affiliates, serves as issuer, agent, manager, sponsor or underwriter of such securities or other instruments, its interests with respect to such products may be adverse to those of the Securityholders. Such activities may have an adverse effect on the Value per Carbon ETC Security of the Carbon ETC Securities and/or the value of the Underlying Allowance(s) relating to the Carbon ETC Securities.

DWS entities may be entitled to receive fees or other payments pursuant to products linked to the Allowance(s) to which the Carbon ETC Securities relate or otherwise and to exercise all rights, including rights of termination or resignation, which they may have, even though so doing may have a detrimental effect on purchasers of the Carbon ETC Securities.

DWS entities may, from time to time, by virtue of their activities, possess or have access to information relating to the Allowance(s) and/or the other Transaction Parties.

There is no obligation on any DWS entity to disclose to any purchaser of the Carbon ETC Securities any such information.

Any relevant research carried out by a DWS entity may or may not be considered by DWS Investments UK Limited when DWS Investments UK Limited is trading for its own account or those of its customers, as the case may be. These, or other transactions in which DWS Investments UK Limited engages for its account, may be conducted in a manner inconsistent with the research related to the Allowance(s).

Any DWS entity may, as an issuer or counterparty of Allowance(s)-linked obligations or transactions, engage in activities designed to reduce its exposure to the risk of adverse price movements that may impact on the price of the Allowance(s) on any particular day, meaning it may be different from the price

which it would otherwise have been, whether directly or indirectly. Such activities may have an adverse effect on the Value per Carbon ETC Security of the Carbon ETC Securities.

Other Transaction Parties and Authorised Participants

Transaction Parties (including Authorised Participants) and/or their respective Affiliates may engage in trading and market-making activities and may hold long or short positions in the Allowance(s) and in other financial instruments or products based on or related to the Allowance(s) for their own accounts or for other accounts under their management. Such parties may also issue securities or enter into financial instruments in relation to the Allowance(s). These activities could present certain conflicts of interest, could adversely affect the price and liquidity of any component of the Allowance(s) Entitlement per Carbon ETC Security, and may have an adverse effect on the Value per Carbon ETC Security of the Carbon ETC Securities.

A Transaction Party (including an Authorised Participant) and/or their respective Affiliates may be entitled to receive fees or other payments under or in connection with other products linked to the Allowance(s) to which the Carbon ETC Securities relate or otherwise and to exercise all rights, including rights of termination or resignation, which they may have, even though so doing may have a detrimental effect on purchasers of the Carbon ETC Securities.

A Transaction Party (including an Authorised Participant) and/or their respective Affiliates may, from time to time, by virtue of such activities and their status as underwriter, adviser or otherwise, possess or have access to information relating to the Allowance(s) and/or the other Transaction Parties (including Authorised Participants). There is no obligation on any Transaction Party (including any Authorised Participant or their respective Affiliates) to disclose to any purchaser of the Carbon ETC Securities any such information.

A Transaction Party (including an Authorised Participant) and/or their respective Affiliates may, as an issuer or counterparty of Allowance(s)-linked obligations or transactions, engage in activities designed to reduce its exposure to the risk of adverse price movements that may impact on the prices of the Allowance(s) on any particular day, meaning it may be different from the level which it would otherwise have been, whether directly or indirectly. Such activities may have an adverse effect on the Value per Carbon ETC Security of the Carbon ETC Securities.

OVERVIEW OF THE POTENTIAL FOR DISCRETIONARY DETERMINATIONS BY THE ISSUER, THE CARBON COUNTERPARTY AND THE PROGRAMME ADMINISTRATOR

Under the terms and conditions of the Carbon ETC Securities and/or the Transaction Documents, following the occurrence of certain events, the Issuer, the Carbon Counterparty or the Programme Administrator (as applicable) may exercise discretion to take one or more actions available to it in order to deal with the impact of such events on the Carbon ETC Securities. Any such discretionary determination by the Issuer, the Carbon Counterparty or the Programme Administrator could have a negative impact on the value of and return on the Carbon ETC Securities and (amongst other things) could result in their early redemption.

This overview provides a high-level summary of the types of events that could give rise to a discretionary determination by the Issuer, the Carbon Counterparty or the Programme Administrator and the actions available to them to deal with the impact of such events.

This overview does not purport to be complete or comprehensive and for the avoidance of doubt, there are other Transaction Parties who make undertake a discretionary determination in respect of the Carbon ETC Securities pursuant to the Conditions and Transaction Documents. A prospective purchaser of Carbon ETC Securities should read the Conditions of the Carbon ETC Securities (set out in "Master Terms and Conditions of the Carbon ETC Securities" of this Base Prospectus below) together with the relevant Final Terms which will specify the particular elections. In the event of any conflict between this overview and the terms and conditions of the Carbon ETC Securities, the terms and conditions of the Carbon ETC Securities shall prevail.

Terms used but not defined in this section have the meaning given to them in the Master Terms and Conditions.

1 What are the types of events that could give rise to a discretionary determination:

1.1 By the Issuer or the Programme Administrator?

Events affecting the Carbon ETC Securities and the Underlying Allowance(s).

1.2 By the Carbon Counterparty?

Determination of the relevant price and the net sale proceeds in respect of each sale and purchase of Allowance(s) during the Redemption Disposal Period following an Early Redemption Valuation Date or Final Redemption Valuation Date and in respect of each sale and purchase of Product Fee Allowance(s) for purposes of satisfying the product fee, as further set out in paragraph 2.6 below.

Further details relating to additional discretionary determinations are set out in paragraph 2.6 (*Purchase of Underlying Allowance(s)*) below.

2 If such an event occurs, what are the discretionary determinations that the Issuer, the Carbon Counterparty or the Programme Administrator may take?

Broadly, depending on the terms of the particular issue of Carbon ETC Securities, the Issuer, the Carbon Counterparty or the Programme Administrator (as applicable) may take one or more of the following actions in order to deal with the effect of the events outlined below.

2.1 Adjustments:

2.1.1 **Successor Reference Rate.** Where a Reference Rate has been replaced by a Successor Reference Rate, the Issuer may make such amendment, adjustments, replacements or restatements to the Conditions, to any Final Terms and to any Transaction Document as it determines necessary or desirable to to reflect or detail such successor or that it determines necessary or appropriate in order to account for the effect of the replacement of the Reference Rate with the Successor Reference Rate, and/or to preserve as nearly as

practicable the economic equivalence of the Carbon ETC Securities before and after the replacement of the Reference Rate with the Successor Reference Rate.

2.1.2 **Reference Rate Event.** If a Reference Rate Event has occurred and a Reference Rate has been replaced by a Replacement Reference Rate, the Issuer may make such amendment, adjustments, replacements or restatements to the Conditions, to any Final Terms and to any Transaction Document as it determines necessary or desirable to reflect or detail such replacement or that it determines necessary or appropriate in order to account for the effect of the replacement of the Reference Rate with the Replacement Reference Rate (as adjusted by the Adjustment Spread (if any)) and/or to preserve as nearly as practicable the economic equivalence of the Carbon ETC Securities before and after the replacement of the Reference Rate with the Replacement Reference Rate (as adjusted by the Adjustment Spread (if any)). See the Table in paragraph 9 below for further detail on the various Reference Rate Events.

2.1.3 **Regulatory Requirement Event.** If the Programme Administrator determines that a Regulatory Requirement Event has occurred, it may notify the Issuer of any modifications that it determines are required to be made to the Conditions and/or any Transaction Document (except for the Authorised Participant Agreement) and the Issuer shall, without the consent of the Securityholders, promptly make those modifications, subject to certain conditions.

2.1.4 **Determination Agent.** If (A) the Determination Agent's appointment is terminated in connection with a Determination Agent Bankruptcy Event (the occurrence of such event determined by the Programme Administrator), Determination Agent Regulatory Breach (the occurrence of such event as reasonably determined by the Issuer or the Programme Administrator) or a Determination Agreement Breach (the termination of the Determination Agent's appointment upon the occurrence of a Determination Agreement Breach being at the Issuer's option) or (B) the Determination Agent resigns or its appointment is terminated and it fails to perform its duties and obligations in the period prior to the date of its effective resignation or termination, then the Programme Administrator (as an agent of the Issuer) shall on a temporary basis (until such time as a replacement Determination Agent is appointed) apply the provisions of the Determination Agent Agreement and the Conditions, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, in such manner as it deems fair and reasonable in the circumstances.

2.2 Determination of Allowance(s) Entitlement:

Disruption Events. If a "Disruption Event" occurs on the Final Redemption Valuation Date or Early Redemption Valuation Date, such date shall be postponed until the first following Valuation Day that is not a Disrupted Day, provided that if no such Valuation Day has occurred on or before the 90th Scheduled Valuation Day following the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, then that 90th Scheduled Valuation Day shall be deemed to be the Final Redemption Valuation Date or Early Redemption Valuation Date and the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) the Allowance(s) Entitlement per Carbon ETC Security in respect of such Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, by applying the relevant formula for the determination thereof but using such estimates of any component for which a value is not available as it deems fit and making such adjustments as it, in good faith and a commercially reasonable manner, deems necessary to take into account the economic effect of the Disrupted Days. For the avoidance of doubt, the Programme Administrator may determine that the Allowance(s) Entitlement per Carbon ETC Security in respect

of such Final Redemption Valuation Date or Early Redemption Valuation Date is zero. See the Table in paragraph 9 below for further detail on the various types of Disruption Events.

2.3 Postponement of Maturity or Redemption:

Disruption Events. If, (i) following postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable), (a) any day of the Early Redemption Disposal Period or Final Redemption Disposal Period (as applicable) falls after the original Scheduled Maturity Date and/or (b) the number of clear days between the last day of the Early Redemption Disposal Period or Final Redemption Disposal Period (as applicable) and the original Scheduled Maturity Date is less than seven Business Days; and/or or (ii) the Early Redemption Valuation Date or Final Redemption Valuation Date (as postponed) falls on a date after the original Scheduled Maturity Date, then, in each case, the Programme Administrator may postpone the Scheduled Maturity Date by a number of days as determined by the Programme Administrator in its sole and absolute discretion. See the Table in paragraph 9 below for further detail on the various types of Disruption Events.

2.4 Substitution of Rates:

2.4.1 **Successor Reference Rate.** Where the Reference Rate has been replaced by a Successor Reference Rate, such Successor Reference Rate shall be deemed to be the Reference Rate if determined to be acceptable to the Programme Administrator.

2.4.2 **Reference Rate.** If a Reference Rate Event occurs, then the Programme Administrator shall substitute the Reference Rate with such index, benchmark or other price (being the "**Replacement Reference Rate**" and, if applicable, replacement Price Source and as adjusted by the Adjustment Spread (if any)) (i) as designated, nominated or recommended by the sponsor or administrator of the Reference Rate (or any Relevant Nominating Body) or (ii) in certain circumstances, as determined by the Programme Administrator to be a commercially reasonable alternative. See the Table in paragraph 9 below for further detail on the various Reference Rate Events.

2.5 Early Redemption:

Early Redemption Events. If there is an Issuer Call Redemption Event, Issuer Change in Law or Regulation Redemption Event or a VAT Redemption Event, the Issuer may redeem the Carbon ETC Securities early by payment of the Early Redemption Amount at the Scheduled Early Redemption Date instead of the Final Redemption Amount on the Scheduled Maturity Date. See the Table in paragraph 9 below for further detail on each of the Issuer Call Redemption Event, Issuer Change in Law or Regulation Redemption Event or VAT Redemption Event.

Additional early redemption events which require discretion (either on the part of the Issuer or Programme Administrator or both) are set out in the Table in paragraph 9 below.

2.6 Purchase of Underlying Allowance(s):

The Carbon Counterparty will, in accordance with the relevant Carbon Counterparty Agreement, determine the following:

2.6.1 the relevant price of the Underlying Allowance(s) in respect of each sale and purchase of such Allowance(s) in the relevant Redemption Disposal Period, being an amount equal to the product of (i) the price in EUR for one Allowance, that the Carbon Counterparty believes (acting in good faith and in a commercially reasonable manner) is representative of an intra-day fair market price on the date such Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty, based on market conditions then prevailing; and (ii) in relation to

each sale of Underlying Allowance(s) in respect of an Early Redemption Valuation Date or Final Redemption Valuation Date, the number of relevant Underlying Allowance(s); and

2.6.2 the net sale proceeds of the Underlying Allowance(s) in respect of each sale and purchase of such Allowance(s) in respect of an Early Redemption Valuation Date or Final Redemption Valuation Date, which shall take into account the relevant price minus all amounts which the Carbon Counterparty is entitled to deduct (including taxes, fees and expense) from the proceeds of sale in respect of such Allowance(s) in accordance with the provisions of the relevant Carbon Counterparty Agreement, having used reasonable efforts to purchase the Underlying Allowance(s) in such a way as to minimise any Taxes which may be charged, withheld or deducted on the sale and purchase thereof which would reduce the net sale proceeds, as further set out in the relevant Carbon Counterparty Agreement.

Similarly, in respect of a sale of Allowance(s) from the Issuer to the Carbon Counterparty for the purpose of satisfying the product fee, the Carbon Counterparty shall also determine the relevant price and net sale proceeds in respect of each sale and purchase of the relevant Product Fee Allowance(s) pursuant to the terms of the relevant Carbon Counterparty Agreement.

Determinations in respect of the occurrence of Disruption Events will also affect the sale and purchase process of Allowance(s) between the Issuer and the Carbon Counterparty and in addition (without limitation), (i) the Carbon Counterparty may make certain other determinations with the Programme Administrator under the relevant Carbon Counterparty Agreement (including, *inter alia*, as to whether certain events which are Disrupted Remaining Sale/Purchase Events have occurred); (ii) certain events may be triggered under the relevant Carbon Counterparty Agreement where the Carbon Counterparty notifies relevant parties that a Carbon CP Illegality Event has occurred; (iii) the Carbon Counterparty may notify the Programme Administrator and Determination Agent where it determines that a Disruption Event has occurred (and the Programme Administrator and Determination Agent are required to take any such notice from the Carbon Counterparty into account in its determination of the occurrence of the relevant Disruption Event); (iv) in respect of the sale of Allowance(s) on redemption, the Carbon Counterparty may make a Carbon CP Suspension Election to suspend further deliveries of Price Confirmation Notice(s) (up to, and including, the day on which such Failure to Deliver is resolved) and (v) the Carbon Counterparty may, in respect of a sale of Product Fee Allowance(s) where a Disruption Event subsists on the relevant date for sale of Product Fee Allowance(s), agree with the Issuer, the Programme Administrator and the Carbon Accounts Administrator whether such Product Fee Allowance(s) can still be sold by the Issuer and purchased by the Carbon Counterparty on such day.

3 Why is it necessary for the Issuer, the Carbon Counterparty or the Programme Administrator to make such discretionary determinations following the occurrence of such events?

The investment objective of the Carbon ETC Securities is to allow an investor to gain an economic exposure to Underlying Allowance(s). If any Underlying Allowance(s) (or actions in respect of such Underlying Allowance(s)) are materially impacted by an unexpected event, then it may not be possible to achieve the investment objective of the Carbon ETC Securities based on the original terms and conditions of the Carbon ETC Securities and there may be a need to make certain discretionary determinations in order to preserve the original economic objective and rationale of the Carbon ETC Securities.

Discretionary determinations may also be required, *inter alia*, (i) to determine the Allowance(s) Entitlement per Carbon ETC Security, (ii) to rectify incorrect determinations of the Allowance(s) Entitlement per Carbon ETC Security and/or Value per Carbon ETC Security, (iii) to adjust the Product Fee so that it is sufficient to cover the fees, costs and charges payable to the Transaction Parties and of the Issuer more generally as set out in the schedule to the Programme Administrator Agreement that the Programme Administrator has agreed to pay on behalf of the Issuer pursuant to the Programme Administrator Agreement, or (iv) to

enable the Carbon ETC Securities, the Issuer or any Transaction Party to be compliant with all Relevant Regulatory Laws if a Regulatory Requirement Event occurs.

Similarly, if an amount payable under the Carbon ETC Securities or any formula, calculation or determination relating to the Carbon ETC Securities cannot be determined (because, for example, a Reference Rate used for such determination has been affected) there may be a need for discretion to be exercised (together with any adjustments to the terms and conditions of the Carbon ETC Securities required) to determine such rates to enable the necessary calculations and determinations in respect of the administration of the Carbon ETC Securities to continue. Similarly, if an Agent resigns or is no longer fit or able to perform its obligations under the terms of the Carbon ETC Securities and/or Transaction Documents there may be a need for an alternative entity to be selected which will require the exercise of discretion.

The exercise of the discretions above in many cases will allow the Carbon ETC Securities to continue and avoid the need to redeem them early. However, in certain circumstances it may not be possible to make such determinations or adjustments to continue the Carbon ETC Securities as normal and in such circumstances there may be the need to exercise discretion in relation to the postponement of certain determinations and/or payments or the early redemption of Carbon ETC Securities.

4 Are there any other situations where the Issuer, the Carbon Counterparty or the Programme Administrator may make discretionary determinations?

4.1 Product Fee

The Programme Administrator has certain discretions to adjust the levels of the Product Fee Percentage from time to time (and, therefore, the Product Fee). This may potentially result in higher fees being applied which would reduce the return for Securityholders.

4.2 Rounding

The applicable rounding methodology in respect of the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security (and any component thereof) may be adjusted from time to time provided that the Programme Administrator reasonably determines, in its opinion, that such change of methodology would not be materially prejudicial to Securityholders.

The number of Allowance(s) which are sold by the Issuer to the Carbon Counterparty for the purposes of satisfying the relevant product fee (such number as determined by the Determination Agent pursuant to the Determination Agent Agreement, the "**Product Fee Allowance(s)**") may also be rounded on such rounding basis as may be agreed between the Determination Agent and the Programme Administrator from time to time, in accordance with clause 5.6 (*Rounding*) of the Carbon Counterparty Agreement. However, the difference in sale proceeds between the number of Product Fee Allowance(s) calculated on such rounded basis and the number of Product Fee Allowance(s) that would have applied had such rounding basis not applied is carried forward and taken into account in the calculation for Product Fee Allowance(s) in respect of the next relevant date for sale of Product Fee Allowance(s).

4.3 Corrections

If the Programme Administrator subsequently determines or it comes to its attention that the Allowance(s) Entitlement per Carbon ETC Security and/or the Value per Carbon ETC Security in respect of any Valuation Day was incorrectly determined, the Issuer may adjust any relevant terms of the Carbon ETC Securities to account for a correction.

4.4 Additional or replacement Transaction Party

The Issuer may vary or terminate the appointment or agreement to act (as applicable) of the Issuing Agent, any other Paying Agent, the Carbon Counterparty, the Carbon Accounts Administrator, the

Programme Administrator, the Custodian, the Determination Agent, the Trustee or an Authorised Participant and to appoint additional or other Paying Agents. The Issuer may appoint certain additional Transaction Parties or replace Transaction Parties (as applicable) provided such appointment or replacement is effected in accordance with the Conditions.

4.5 Additional EUA-related early redemption events

4.5.1 The Programme Administrator and the Issuer may determine, in each case, whether certain events (including events with respect to the Custodian and the Carbon Accounts Administrator) have occurred which result in an Agent Bankruptcy/Breach Redemption Event (and, in the case of the Issuer, opt to terminate certain appointments which in turn trigger an Agent Bankruptcy/Breach Redemption Event in certain cases).

4.5.2 In addition (but without limitation):

(A) following notification by the Issuer to the Programme Administrator of the occurrence of a theft event, the Programme Administrator may determine whether to attempt recovery of some or all of the stolen EUAs and/or deliver a further notice to the Issuer (who, on receipt of such notice, shall redeem the Carbon ETC Securities);

(B) if (I) the Programme Administrator determines that an event has occurred by which the euro ceases to be the lawful currency of one or more Euro Member States or (II) if "Early Redemption: Ineligibility for Phase IV" is specified as applicable in the relevant Final Terms of a Series of Carbon ETC Securities and the Programme Administrator determines that, following an announcement, change in law or regulation or confirmation by the European Council or Commission, EUAs issued in Phase III (1 January 2013 to 31 December 2020) of the EU ETS will not be eligible for compliance with obligations under Phase IV (1 January 2021 to 31 December 2030) of the EU ETS or (III) the Programme Administrator determines that an Emissions Disruption Event has occurred, the Programme Administrator may, in each case in its sole discretion and without regard to the interests of the Issuer or any other party, determine whether to deliver a notice to the Issuer (who, on receipt of such notice, shall redeem the Carbon ETC Securities);

(C) the Programme Administrator may determine (in its sole discretion and without regard to any related determination by any of the other parties or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the other parties) whether an EUA Regulatory Event has occurred (following which the Carbon ETC Securities shall be redeemed); and

(D) if the Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, the Programme Administrator may deliver a notice of redemption.

See the Table in paragraph 9 below for further detail on these EUA-related early redemption events.

For the avoidance of doubt (x) there are other early redemption events relating to EUAs constituting the Underlying Allowance(s) but which trigger on the basis of factual determination and do not require the exercise of discretion and (y) in the case of an Emissions Disruption Redemption Event, the Programme Administrator's option to deliver an Emissions Disruption Redemption Event Notice shall be independent of (A) its delivery of a Disruption Event Notice pursuant to Condition 8 (*Disruption Events and Postponement*); (B) its receipt of a notice from the Carbon Counterparty that a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event has occurred or (C) any other notification by it or by another

Transaction Party pursuant to any other provision under the Conditions or the Transaction Documents that an Emissions Disruption Event has occurred.

4.6 Additional EUA-related disruption events

The Programme Administrator may determine that an Emissions Disruption Event (being a Settlement Disruption Event, an Emissions Suspension Event, a Failure to Deliver, a Failure to Comply or a Carbon Accounts Closure Event) has occurred or exists with respect to any Scheduled Valuation Day (which may lead to a postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable)). See the Table in paragraph 9 below for further detail on Emissions Disruption Events.

4.7 Disruption Event affecting Final Redemption or Early Redemption

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then:

4.7.1 in respect of the early redemption of the Carbon ETC Securities, the Programme Administrator shall, following notification of such event, determine in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) (A) satisfaction of (I) the amounts payable pursuant to Condition 5(d)(ii)(A) to (D) relating to the application of proceeds prior to security enforcement and (II) the Early Redemption Amount, in each case, in such manner and upon such terms as it shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant parties or the relevant Securityholder(s) (as applicable) (but to the extent any sale and purchase of the relevant Allowance(s) have been settled, taking into account the aggregate net sale proceeds received in respect of such Allowance(s)); and (B) following satisfaction of such amounts, to the extent the Allowance(s) originally designated as comprising such amounts are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s); or

4.7.2 in respect of the final redemption of the Carbon ETC Securities, the Programme Administrator shall, following notification of such event, determine in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) (A) satisfaction of the Final Redemption Amount in such manner and upon such terms as it shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant Securityholder(s) (but to the extent any sale and purchase of the relevant Allowance(s) have been settled, taking into account the aggregate net sale proceeds received in respect of such Allowance(s)), and (B) following satisfaction of the Final Redemption Amount, to the extent the Allowance(s) originally designated as comprising the Final Redemption Amount are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s).

5 How will the Issuer, the Carbon Counterparty or the Programme Administrator make discretionary determinations?

5.1 Issuer

The Issuer is required to exercise its discretions in good faith and a commercially reasonable manner.

5.2 Carbon Counterparty

In relation to a calculation of the relevant price of the Underlying Allowance(s) in respect of each sale and purchase of such Allowance(s) in the relevant Redemption Disposal Period, the Carbon Counterparty shall determine the price in EUR for one Allowance that it believes (acting in good faith and in a commercially reasonable manner) is representative of an intra-day fair market price on the date such Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty, based on market conditions then prevailing. Pursuant to clause 4.2.4 (*Price Confirmation Notice(s)*) of the Carbon Counterparty Agreement, the Carbon Counterparty shall, on request by the Issuer or the Programme Administrator, as soon as reasonably practicable, provide evidence (to the Programme Administrator's reasonable satisfaction) to justify the relevant price and the calculation of the expected net sale proceeds, in each case, for the relevant Underlying Allowance(s).

The Carbon Counterparty shall also use reasonable efforts to purchase the Underlying Allowance(s) in such a way as to minimise any Taxes which may be charged, withheld or deducted on the sale and purchase thereof which would reduce the net sale proceeds, as further set out in the relevant Carbon Counterparty Agreement.

Where the Carbon Counterparty notifies the Programme Administrator and Determination Agent that it determines a Disruption Event has occurred, any such notice shall include a copy, or a description in reasonable detail, of the relevant information that reasonably confirms the facts relevant to the determination that a Disruption Event has occurred, and where applicable, which have been published in or on not less than two published or electronically displayed news sources.

5.3 Programme Administrator

The Programme Administrator is required to perform its duties and obligations under the Programme Administrator Agreement in good faith and with skill, care and diligence and in a manner consistent with practices and procedures followed by a prudent businessperson of international standing, and without bad faith, fraud, wilful default or gross negligence.

Additionally, if a Disruption Event occurs and no Valuation Day occurs on or before the 90th Scheduled Valuation Day following the Final Redemption Valuation Date or Early Redemption Valuation Date, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) the Allowance(s) Entitlement per Carbon ETC Security in respect of such Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, in such manner and upon such terms as the Programme Administrator shall think fit.

There are additional determinations that the Programme Administrator makes if a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs – see paragraph 4.7 (*Disruption Event affecting Final Redemption or Early Redemption*).

6 When making discretionary determinations, are the Issuer, the Carbon Counterparty or the Programme Administrator obliged to consider the interests of Securityholders?

No, neither the Issuer, the Carbon Counterparty nor the Programme Administrator assume any obligations or duty to, or relationship of agency or trust for or with, any Securityholder. In making any determination or exercising any discretion, neither the Issuer, the Carbon Counterparty nor the Programme Administrator is obliged to consider the individual interests or circumstances of any particular investor.

7 What is the effect of such event or action taken by the Issuer, the Carbon Counterparty or the Programme Administrator on the Securities?

Any of the above actions, if taken by the Issuer, Carbon Counterparty or the Programme Administrator (as the case may be) may, *inter alia*, result in a reduced return on the Securities, have a material adverse impact on the value of the Carbon ETC Securities or may have an impact on the timing of any payments under the Carbon ETC Securities. For example, the Early Redemption Amount could be less than such investor's' initial investment and may be reduced to zero.

Further, if the Carbon ETC Securities are redeemed early prior to the scheduled maturity, an investor may be unable to reinvest the redemption proceeds in another investment at the time that provides an equivalent return.

8 Will the Issuer notify me if such an event occurs or if it takes any of the above actions?

The Issuer will generally give notice to Securityholders as soon as reasonably practicable in respect of, *inter alia*, the following:

- Any Disruption Event Notice (such notice to be published on the website maintained on behalf of the Issuer in accordance with Condition 8(b)(iii)).
- Any postponement (and duration thereof) of the Scheduled Maturity Date in accordance with Condition 8(c)(iii).
- Any Reference Rate Event, Successor Price Source, Successor Reference Rate, Replacement Reference Rate, or Adjustment Spread and any related amendments or adjustments in accordance with Conditions 9(a) to (c).
- Any Early Redemption Event (including, *inter alia*, any Issuer Call Redemption Event, Issuer Change in Law or Regulation Redemption Event, Agent/Trustee Redemption Event, Value per Carbon ETC Security Threshold Redemption Event, VAT Redemption Event, Termination Event Redemption Event, Euro Dissolution Redemption Event, Theft Redemption Event, Agent Bankruptcy/Breach Redemption Event, EUA Regulatory Redemption Event, Phase IV Ineligibility Redemption Event, Abandonment of Scheme Redemption Event, Carbon Accounts Closure Redemption Event, Emissions Disruption Redemption Event or an Event of Default).
- Any corrections made pursuant to Condition 4(e).

9 Table

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
Early Redemption – Issuer Change in Law or Regulation Redemption Event	There is a change in law such that: • it has (or the Issuer reasonably expects that it will) become illegal for the Issuer to (x) acquire Allowance(s) or to hold or dispose of all or some of the Underlying	Issuer	Issuer	Early Redemption (see paragraph 2.5 above)

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	Allowance(s) (including in relation to holding the benefit of the Allowance(s), in each case, an "**Issuer Illegality Event**") and/or (y) perform its obligations under the Carbon ETC Securities; or • the Issuer would (or would expect to) incur a materially increased cost in performing its obligations under the Carbon ETC Securities.			
Early Redemption – Issuer Call Redemption Event	The Issuer may (but is not obliged to) elect to redeem all the Carbon ETC Securities of this Series.	Issuer	Issuer	Early Redemption (see paragraph 2.5 above)
Early Redemption – VAT Redemption Event	If the Issuer will, or there is a substantial likelihood that it will, on the next date (A) on which there is a sale of Allowance(s) in relation to the Product Fee or in respect of final redemption or early redemption (for the avoidance of doubt, following the occurrence of another Early Redemption Event) of the Carbon ETC Securities or (B) on which a delivery of Allowance(s) is due in respect of a subscription for Carbon ETC Securities of the relevant Series by an Authorised Participant or a buy-back by the Issuer of Carbon ETC Securities of the relevant Series from an Authorised Participant, in each case, be required to make a payment in respect of VAT, UK VAT or Jersey GST (as applicable) or to register for VAT, UK VAT or Jersey GST	Issuer	Issuer	Early Redemption (see paragraph 2.5 above)

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	(as applicable) or otherwise be required to account for VAT, UK VAT or Jersey GST (as applicable) on such sale or delivery of Allowance(s) (whether or not such VAT, UK VAT or Jersey GST (as applicable) is recoverable).			
Early Redemption – Agent Bankruptcy/Breach Redemption Event	(i) If a Carbon Accounts Administrator Bankruptcy Event, an Issuing Agent Bankruptcy Event, a Paying Agent Bankruptcy Event, a Carbon Counterparty Bankruptcy Event, a Custodian Bankruptcy Event or a Trustee Bankruptcy Event occurs and, in each case, no relevant successor or replacement entity (or, if applicable, eligible entity) has been appointed by the Issuer (or, in the case of the Carbon Counterparty, no agreement has been entered into by the Issuer with a successor or replacement eligible entity) within 30 calendar days of the date of such event or by such earlier date as specified by the Programme Administrator.	Programme Administrator	Issuer (in respect of the successor or replacement entity)	If replacement fails, early Redemption (see paragraph 4.5 above)
	(ii) If (a) the Issuer (at its option) terminates the appointment of the Carbon Accounts Administrator, the Programme Administrator, the Custodian or the Trustee with immediate effect following a Carbon Accounts Administrator Breach (as defined in the relevant Carbon Accounts Administrator Agreement), Programme Administrator Breach (as defined in the Programme Administrator Agreement), Custodian Breach (as defined in the relevant Custody	Issuer	Issuer (in respect of the successor or replacement entity)	If replacement fails, early Redemption (see paragraph 4.5 above)

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	Agreement) or Trustee Breach (as defined in the relevant Trust Deed) respectively; (b) appointment of the Paying Agent or Issuing Agent is terminated following the Issuer's determination that an Agent Agreement Breach (as defined in the relevant Agency Agreement) has occurred, or (c) appointment of the Issuing Agent is terminated where the Issuing Agent breaches any applicable laws or regulations or becomes subject to a lawsuit, regulatory action, government investigation, allegation, demand, claim, request, inquiry, sanction, arbitration or proceeding, in each case, that the Issuer reasonably determines could cause reputational harm (such event, an Issuer/Issuing Agent Regulatory Breach) and, in each case, no relevant successor or replacement entity (or, if applicable, eligible entity) has been appointed by the Issuer within 30 calendar days of the date of termination of the appointment (in the case of sub-paragraph (a)), date of Agent Agreement Breach (as defined in the relevant Agency Agreement) (in the case of sub-paragraph (b)) or date of Issuer/Issuing Agent Regulatory Breach (in the case of sub-paragraph (c)) (as applicable) or by such earlier date as specified by the Programme Administrator.			
	(iii) if a Custodian Illegality Event, Custody Agreement	Custodian or reasonable	Issuer (in respect of the	If replacement fails, early

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	AML Breach or Custodian Disrepute Event occurs and, in each case, no relevant successor or replacement eligible entity has been appointed by the Issuer within 30 calendar days of the date of the event, notification or determination respectively (as applicable) or by such earlier date as specified by the Programme Administrator.	person standard (as applicable)	successor or replacement entity)	Redemption (see paragraph 4.5 above)
Early Redemption – Euro Dissolution Redemption Event	If an event has occurred by which the euro ceases to be the lawful currency of one or more Euro Member States, the Programme Administrator may (in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (a "**Euro Dissolution Event Notice**") to the Issuer, copied to each of the Transaction Parties.	Programme Administrator	Programme Administrator	Early Redemption (see paragraph 4.5 above)
Early Redemption – Theft Redemption Event	If the Issuer becomes aware that some or all of the EUAs constituting the Underlying Allowance(s) have been stolen from the Series Carbon Account, the Issuer shall give notice thereof to the Programme Administrator (such notice, an "**Issuer Theft Event Notice**") and following receipt of such Issuer Theft Event Notice, the Programme Administrator (A) may (at its sole and absolute discretion and is under no obligation to) attempt to recover (including by instruction to the Custodian and Carbon Accounts Administrator) some or all of such stolen EUAs (and such recovery may be attempted for any period of time up to, and	Issuer	Programme Administrator	Early Redemption (see paragraph 4.5 above)

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	including, the 30th Business Day following receipt of such Issuer Theft Event Notice) and/or (B) may, on or prior to the 30th Business Day following receipt of such Issuer Theft Event Notice, give notice to the Issuer (a "**PA Theft Event Notice**") that there remains EUAs which have been stolen from the Series Carbon Account on the date of such PA Theft Event Notice.			
Early Redemption – EUA Regulatory Redemption Event	If there is a proposal to change, or an adoption of any change in, any applicable policies (including the EU emissions policy) or law or the electronic accounting systems impacting the EUAs constituting the Underlying Allowance(s) or the Union Registry after the Series Issue Date as a result of which it becomes unlawful for (i) the Issuer or the Carbon Accounts Administrator (acting on the Issuer's behalf) to perform any absolute or contingent obligation to instruct or procure a delivery in respect of the EUAs constituting the Underlying Allowance(s) or any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s) or (ii) the Issuer to comply with any other material provision of any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s).	Programme Administrator	Programme Administrator	Early Redemption (see paragraph 4.5 above)
Early Redemption – Phase IV Ineligibility Redemption	If, following an announcement, change in law or regulation or confirmation by the European Council or	Programme Administrator	Programme Administrator	Early Redemption (see paragraph 4.5 above)

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
Event (if applicable)	Commission, EUAs issued in Phase III of the EU ETS will not be eligible for compliance with obligations under Phase IV of the EU ETS, the Programme Administrator may (in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (a "**Phase IV Ineligibility Event Notice**") to the Issuer, copied to each of the Transaction Parties.			
Early Redemption – Carbon Accounts Closure Redemption Event	If the Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, the Programme Administrator may (in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (a "**Carbon Accounts Closure Redemption Event Notice**") to the Issuer, copied to each of the Transaction Parties.	Programme Administrator	Programme Administrator	Early Redemption (see paragraph 4.5 above)
Early Redemption – Emissions Disruption Redemption Event	If an Emissions Disruption Event has occurred, the Programme Administrator may (at any time following the occurrence of such Emissions Disruption Event and acting in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (an "**Emissions Disruption Redemption Event Notice**") to the Issuer, copied to each of the Transaction Parties.	Programme Administrator	Programme Administrator	Early Redemption (see paragraph 4.5 above)
Disruption Event – Allowance(s)	An Allowance(s) Reference Price is not available for the	Determination Agent or	Programme Administrator	Determination of Allowance(s) Entitlement per

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
Reference Price Source Disruption	relevant Allowance(s) Business Day.	Programme Administrator		Carbon ETC Security and/or Postponement and impact on the sale and purchase process of Allowance(s) (see paragraphs 2.2, 2.3 and 2.6 above)
Disruption Event – Force Majeure Disruption Event	If, by reason of an event or circumstance (including any technical or operational issue) beyond the control of the Determination Agent, it is impossible for the Determination Agent to perform its obligations under the Determination Agent Agreement that are required to be performed for the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security to be determined.	Determination Agent or Programme Administrator	Programme Administrator	Determination of Allowance(s) Entitlement per Carbon ETC Security and/or Postponement and impact on the sale and purchase process of Allowance(s) (see paragraphs 2.2, 2.3 and 2.6 above)
Disruption Event – Emissions Disruption Event: Settlement Disruption Event	An event or circumstance beyond the control of the party affected that cannot, after the use of all reasonable efforts, be overcome and which makes it impossible for that party to perform its obligations either to deliver or to accept EUAs (and reference to the "party" shall include the Custodian acting on behalf of the Issuer).	Programme Administrator	Programme Administrator	Determination of Allowance(s) Entitlement per Carbon ETC Security and/or postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date and impact on the sale and purchase process of Allowance(s) (as applicable) (see paragraphs 2.6 and 4.6 above).
Disruption Event – Emissions Disruption	A party is unable to perform its delivery or acceptance obligations under and in accordance with the	Programme Administrator	Programme Administrator	Determination of Allowance(s) Entitlement per Carbon ETC

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
Event : Emissions Suspension Event	Conditions and the Scheme through a Relevant Registry as a result of the occurrence of any of the following events: (i) absence of Registry Operation; or (ii) the occurrence of an Emissions Administrator Event (and reference to the "party" shall include the Custodian acting on behalf of the Issuer).			Security and/or postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date and impact on the sale and purchase process of Allowance(s) (as applicable) (see paragraphs 2.6 and 4.6 above).
Disruption Event – Emissions Disruption Event: Failure to Deliver	The Issuer or the Carbon Counterparty (as applicable) fails to deliver all of the relevant number of EUAs comprising the Underlying Allowance(s) to be delivered under and in accordance with the Conditions (and reference to the "Issuer" shall include the Custodian acting on behalf of the Issuer).	Programme Administrator	Programme Administrator	Determination of Allowance(s) Entitlement per Carbon ETC Security and/or postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date and impact on the sale and purchase process of Allowance(s) (as applicable) (see paragraphs 2.6 and 4.6 above).
Disruption Event – Emissions Disruption Event: Failure to Comply	The Issuer or the Carbon Counterparty (as applicable) fails to deliver all of the relevant number of EUAs comprising the Underlying Allowance(s) to be delivered under and in accordance with the Conditions as a result of the failure of the receiving party to comply with the Requirements under the Scheme (and reference to the "Issuer" shall include the Custodian	Programme Administrator	Programme Administrator	Determination of Allowance(s) Entitlement per Carbon ETC Security and/or postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date and impact on the sale and purchase

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	acting on behalf of the Issuer).			process of Allowance(s) (as applicable) (see paragraphs 2.6 and 4.6 above).
Disruption Event – Emissions Disruption Event: Carbon Accounts Closure Event	The Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, for such time until either (i) a replacement or successor has been opened or entered into or (ii) a Carbon Accounts Closure Redemption Event Notice has been given.	Programme Administrator	Programme Administrator	Determination of Allowance(s) Entitlement per Carbon ETC Security and/or postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date and impact on the sale and purchase process of Allowance(s) (as applicable) (see paragraphs 2.6 and 4.6 above).
Reference Rate Event	The occurrence of any of the following events in relation to any index or benchmark by reference to which any amount payable under the Carbon ETC Securities of that Series, or any formula, calculation or determination relating to the Carbon ETC Securities of that Series, is determined (a "**Reference Rate**"): • *Reference Rate Cessation*: means, *inter alia*, the administrator of the Reference Rate has ceased or will cease to provide such Reference Rate and there is no successor administrator that will continue to provide such Reference Rate;	Programme Administrator	Programme Administrator Issuer	Substitution of Rates (see paragraph 2.4.2 above) Adjustments (see paragraph 2.1.2 above)

Type of event	Summary of the event(s)	Party determining the occurrence of the event	Party exercising discretion	Type of discretion
	• *Administrator/Benchmark Event*: means the Issuer, the Determination Agent, the Programme Administrator or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Carbon ETC Securities as a result, *inter alia*, of a Reference Rate or its administrator or sponsor being suspended or losing its regulatory licence; or • there is an Allowance(s) Reference Price Source Disruption for more than five consecutive Allowance(s) Business Days.			

WORKED EXAMPLE(S)

The following worked example shows how the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security is each calculated in respect of a Series of Carbon ETC Securities.

1.	• On 25 July 2023 (the "**Series Issue Date**"), a new Series of Carbon ETC Securities is issued at an initial Issue Price per Carbon ETC Security of EUR 1,000. The initial Value per Carbon ETC Security is set at EUR 1,000 to match the initial Issue Price per Carbon ETC Security of such Carbon ETC Securities on the Series Issue Date. The Carbon ETC Securities give a return linked to the Underlying Allowance(s) which in this case is EUA(s). • The Initial Allowance(s) Entitlement per Carbon ETC Security as at the Series Issue Date is set at 10 metric tonne(s). • The Allowance(s) Reference Price of EUA(s) as at the Series Issue Date is EUR 100.
2.	To determine the Value per Carbon ETC Security for the next Valuation Day (i.e. 26 July 2023), the Determination Agent does the following: **Step 1**: It first calculates the Allowance(s) Entitlement per Carbon ETC Security for such day by subtracting the relevant Product Fee (which accrues on a daily basis and is expressed in metric tonne(s)) from the previous day's (i.e. the Series Issue Date) Allowance(s) Entitlement per Carbon ETC Security. • The relevant Product Fee is determined by applying the Product Fee Percentage, which is an annual fee percentage. The level of the Product Fee Percentage, and the level of the fees, may vary from time to time (for further information, please see the section titled "*Overview of the Programme – Product Fee*" above). • For the purposes of this example, the Product Fee Percentage will be set at 0.75% per annum. To convert this into the relevant Product Fee, the Determination Agent (i) multiplies the Allowance(s) Entitlement per Carbon ETC Security in respect of the immediately preceding Valuation Day (i.e. 10 metric tonnes(s) set as at the Series Issue Date) by the Product Fee Percentage (i.e. 0.75%) and (ii) divides by 360. This gives a Product Fee equal to 0.0002083333 metric tonnes, which is then deducted from the previous day's Allowance(s) Entitlement per Carbon ETC Security (i.e. 10 metric tonne(s)) to give a reduced Allowance(s) Entitlement per Carbon ETC Security for 26 July 2023 (i.e. 10 metric tonne(s) – 0.0002083333 metric tonnes = 9.9997916667 metric tonne(s)). This is what the formula $E_t = E_{t-1} \times (1 - [PFP_t \times YF_t])$ in Condition 4 achieves: i.e. 10 x (1 – [0.75% x $\frac{1}{360}$]) = 9.9997916667 (the Allowance(s) Entitlement per Carbon ETC Security for 26 July 2023) • As the number of Allowance(s) which are delivered to the Issuer on subscription is equal to (i) the product of the Allowance(s) Entitlement per Carbon ETC Security in respect of the relevant subscription trade date and (ii) the aggregate number of Carbon ETC Securities to be issued pursuant to such subscription order (such total rounded up to the nearest whole number), this means that each Carbon ETC Security is backed by a number of Underlying Allowance(s) equal to its Allowance(s) Entitlement per Carbon ETC Security (albeit the Allowance(s) in respect of a Series are held by the Issuer on a pooled basis). A reduction in the Allowance(s) Entitlement per Carbon ETC Security will therefore reduce the number of Underlying Allowance(s) that backs a Carbon ETC Security and, therefore, its value.

Step 2. Once the Determination Agent has determined the Allowance(s) Entitlement per Carbon ETC Security for a Valuation Day, it then determines the Value per Carbon ETC Security for that day.

- The Determination Agent does this by calculating how much the Allowance(s) Entitlement per Carbon ETC Security that backs that Carbon ETC Security is worth at the Allowance(s) Reference Price (i.e. the prevailing prices for the relevant Underlying Allowance(s) by reference to EEX EUA Spot end of day price) on that Valuation Day.
- So if, on 26 July 2023, the Allowance(s) Reference Price of EUA(s) was EUR 105 per metric tonne, the Value per Carbon ETC Security would be equal to the product of (i) EUR 105 (the Allowance(s) Reference Price on such day) and (ii) 9.9997916667 metric tonne(s) (the Allowance(s) Entitlement per Carbon ETC Security for that day), producing a Value per Carbon ETC Security equal to EUR 1,049.98 for 26 July 2023. This is what the formula $VpS_t = E_t \times M_t$ in Condition 4 achieves.
- As described above, the Product Fee is applied daily (including non-Business Days) – hence, the calculation of the Allowance(s) Entitlement per Carbon ETC Security and Value per ETC Security for a Valuation Day immediately following a non-Business Day will need to reflect the Product Fee applied for more than one previous day.

3. The table below extrapolates from the worked example above over a period of seven days (five Valuation Days, plus two non-Business Days/non-Valuation Days making up the weekend).

Date	**Allowance(s) Reference Price (i.e. EUR per metric tonne of EUA(s))** (1)	**Product Fee (metric tonne(s))** (2)	**Allowance(s) Entitlement per Carbon ETC Security** (3)	**Value per Carbon ETC Security** (4)
25 July 2023 (Valuation Day 1)	100	–	10	1,000
26 July 2023 (Valuation Day 2)	105	0.0002083333	9.9997916667	1049.98
27 July 2023 (Valuation Day 3)	97	0.0002083333	9.9995833377	969.96
28 July 2023 (Valuation Day 4)	88	0.0002083333	9.9993750130	879.95
31 July 2023 (Valuation Day 5)	100	0.0006250000 (which includes the Product Fees for 31 July 2023 as well as 29 July 2023 and 30 July 2023)	9.9987500521	999.88

(1) This is the Allowance(s) Reference Price for the relevant date determined by reference to EEX EUA Spot end of day price.

(2) This is the Product Fee for the relevant date and is equal to (i) the Product Fee Percentage multiplied by the Allowance(s) Entitlement per Carbon ETC Security in respect of the immediately preceding Valuation Day (ii) divided by 360.

(3) This is the Allowance(s) Entitlement per Carbon ETC Security for the relevant date and is equal to the Allowance(s) Entitlement per Carbon ETC Security for the previous date minus the relevant Product Fee.

(4) This is the Value per Carbon ETC Security for the relevant date and is equal to the Allowance(s) Entitlement per Carbon ETC Security for that date multiplied by the Allowance(s) Reference Price for that date.

4. The Determination Agent will calculate the Allowance(s) Entitlement per Carbon ETC Security and Value per Carbon ETC Security in the same way for each Valuation Day.

Note that the numbers used in this worked example are for illustrative purposes only. The price of the Underlying Allowance(s) may go up or down and past performance should not be taken as an indication of future performance. The product fee levels for any particular Series of Carbon ETC Securities may differ from the product fee levels used in the worked example.

DESCRIPTION OF THE ALLOWANCE(S)

PROSPECTIVE PURCHASERS OF CARBON ETC SECURITIES ARE ADVISED TO CONDUCT THEIR OWN INDEPENDENT INVESTIGATION OF ANY ALLOWANCE(S) THAT THE ISSUER HAS BENEFICIAL RIGHTS TO FOR THE RELEVANT SERIES OF CARBON ETC SECURITIES OR CONSULT WITH THEIR RELEVANT ADVISORS AS TO THE PROSPECTS AND CONSEQUENCES OF A PURCHASE OF CARBON ETC SECURITIES LINKED TO ANY PARTICULAR ALLOWANCE(S).

The Issuer will, as subscription proceeds for the issue of Carbon ETC Securities, receive the relevant Allowance(s) from the Authorised Participants subscribing for such Carbon ETC Securities. Such Allowance(s) (including Allowance(s) recorded and identified in the relevant Series Carbon Account opened in the name of the Custodian (on the Issuer's behalf) in respect of a relevant Series of Carbon ETC Securities prior to the issuance and settlement of the corresponding Carbon ETC Securities in respect of such Series) will be recorded and identified in such Series Carbon Account and, will be held by the Custodian, and all of the Issuer's claims and rights against the Custodian under the Custody Agreement will form part of the Secured Property for such Series of Carbon ETC Securities (such secured assets shall, for the avoidance of doubt, include any cash or financial instruments account related to the Allowance(s), evidencing the beneficial rights of the Issuer to the Allowance(s), opened by the Issuer with the Custodian). The Issuer will hold the Allowance(s) via the Custodian in the relevant Series Carbon Account, subject to the Conditions of the Carbon ETC Securities. A separate Series Carbon Account shall be opened and maintained in respect of each Series of Carbon ETC Securities. As at the date of this Base Prospectus, the only type of Allowance(s) that Carbon ETC Securities issued under this Programme may be linked to is EU allowances.

EU Allowances

The information provided below does not purport to be a complete summary of information relating to EUAs or current practices involved in the allocation and trading of EUAs. The summary below gives relevant details about the EUA market.

Description of EUAs and the EU ETS

The EU ETS is a policy-driven cap and trade system established by the EU to reduce the emission of greenhouse gases within the EU. Applicable entities which are caught under the scheme are required to surrender a number of EUAs (each being an allowance to emit one tonne of carbon dioxide equivalent during a specified period) matching the volume of their greenhouse gas emissions.

EUAs are held in accounts in the Union Registry, managed by individual Member States (pursuant to Article 19(1) of the EU ETS Directive). Every account has an administrator responsible for administering the account on behalf of a Member State or on behalf of the European Union. The EUAs comprising the Allowance(s) in respect of any Series issued under this Base Prospectus will be held in a Series Carbon Account opened in the name of the Custodian (held for the benefit of the Issuer) but maintained and managed by the Carbon Accounts Administrator.

EUA Prices

EUAs can be purchased on the primary market (in the form of regulated auctions or in some instances, by way of free allocation) or traded on the secondary market (including at spot and through emissions trading derivatives). The value of an EUA is denominated in euro.

The EUA market can be volatile due to many factors such as liquidity levels, speculation and market sensitivity to actual or anticipated political decisions and announcements surrounding the EU ETS, and the price of fossil fuels (in particular coal and gas prices). Such events could also cause secondary trading on relevant exchanges to be disrupted, including exchanges which operate futures and options markets in EUAs or which conduct auctions in EUAs for the purposes of the EU ETS.

Market Regulation

There are three key pieces of EU legislation in respect of the EU ETS: (i) the EU ETS Directive, which governs the functioning of the EU ETS, including the participation of applicable businesses in the scheme; (ii) the Registries Regulation, which governs the operation of the Union Registry; and (iii) the Auctioning Regulation, which governs the allocation of the EUAs through auction. As the Registries Regulation and the Auctioning Regulation are EU regulations, these regulations (and any changes thereto) apply directly to Member States. In contrast, the EU ETS Directive required each Member State to incorporate its provisions at a national level. Therefore, any amendments to the EU ETS Directive will also require similar national implementation.

The EU ETS is subject to political changes and reform (including as part of the Fit for 55 proposal). For further information on some of the risks relating to EUAs, see the section of the risk factors titled "*Risks relating to the Allowance(s)*".

MASTER TERMS AND CONDITIONS OF THE CARBON ETC SECURITIES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Carbon ETC Securities. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the relevant Final Terms or (ii) these terms and conditions as so completed, shall be endorsed on the Bearer Securities. For the avoidance of doubt, in the case of (i) above the blanks in the text of these terms and conditions shall be deemed to be completed by the information contained in the relevant Final Terms as if such information were inserted in such provisions; alternative or optional provisions in these terms and conditions which are not specified or which are expressly disapplied or deleted in the relevant Final Terms shall be deemed to be deleted from these terms and conditions; and all provisions of these terms and conditions which are inapplicable to the Carbon ETC Securities (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these terms and conditions, as required to give effect to the terms of the relevant Final Terms.

These terms and conditions apply separately to each Series and, accordingly, references in these terms and conditions to "Carbon ETC Securities" are to the Carbon ETC Securities of the relevant Series only and references to any defined term that applies in respect of each Series is to such defined term as it relates to such relevant Series (unless, in any such case, specified otherwise or unless the context otherwise requires).

Italicised wording contained in these Conditions is included as instructions, guidance or disclosure only and does not form part of the Conditions of the Carbon ETC Securities.

A non-binding translation of the following text of the terms and conditions may be prepared in relation to this Series of Carbon ETC Securities. The English language version of the terms and conditions shall be binding and prevail in all circumstances. Any such translations will not be reviewed and approved by the Central Bank or Euronext Dublin or any another similar body in any other jurisdiction.

Copies of the Base Prospectus (including the Conditions) and any supplement thereto, the relevant Final Terms for each tranche of Carbon ETC Securities and such other document (if any) as required by the rules of any Relevant Stock Exchange are available for inspection during normal business hours at the specified office of the Issuer and the Issuing Agent and will be sent to a prospective or current Securityholder on request to the Issuer or the Issuing Agent.

References in the Conditions or any Transaction Document to a party publishing any value, rate, level, notice or other information shall be deemed to include any agent, delegate or appointee of such party publishing such value, rate, level, notice or other information on behalf of that party.

1 Definitions

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Abandonment of Scheme**" has the meaning given to it in Condition 7(d)(xii).

"**Abandonment of Scheme Redemption Event**" has the meaning given to it in Condition 7(d)(xii).

"**Abandonment of Scheme Redemption Event Notice**" has the meaning given to it in Condition 7(d)(xii).

"**Adjustment Spread**" has the meaning given to it in Condition 9(b).

"**Administration Services Agreement**" means the administration services agreement in respect of the Issuer dated on or about 15 November 2023 entered into by the Issuer and the Corporate Services Provider as amended, supplemented, novated or replaced from time to time.

"**Administrator/Benchmark Event**" means, in respect of this Series of Carbon ETC Securities and a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Reference Rate has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer, the Determination Agent, the Programme Administrator or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Carbon ETC Securities.

"**Affiliate**" means, in relation to any person or entity, any other person or entity controlled, directly or indirectly, by the person or entity, any other person or entity that controls, directly or indirectly, the person or entity or any other person or entity directly or indirectly under common control with the person or entity. For these purposes, "**control**" of any entity or person means the power, directly or indirectly, either to (a) vote 10 per cent. or more of the securities having ordinary voting power for the election of directors of the relevant person or entity or (b) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

"**Agency Agreement**" means, in respect of a Series, the agency agreement relating to such Series of Carbon ETC Securities entered into by the Issuer, the Trustee, the Issuing Agent and the Paying Agent(s) and any other parties thereto and in the form of the Master Agency Terms (as amended and/or supplemented by the Issue Deed) and as such Agency Agreement is amended, supplemented, novated or replaced from time to time.

"**Agents**" means the Programme Administrator, the Determination Agent, the Issuing Agent, the Carbon Accounts Administrator, the Paying Agent(s), the Custodian, the Carbon Counterparty and such other agent(s) as may be appointed from time to time in relation to the Carbon ETC Securities, and any successor or replacement thereto and "**Agent**" means any of them.

"**Agent Bankruptcy/Breach Redemption Event**" has the meaning given to it in Condition 7(d)(ix).

"**Agent Bankruptcy/Breach Redemption Event Notice**" has the meaning given to it in Condition 7(d)(ix).

"**Agent/Trustee Redemption Event**" has the meaning given to it in Condition 7(d)(ii).

"**Agent/Trustee Redemption Event Notice**" has the meaning given to it in Condition 7(d)(ii).

"**Aggregate Allowance(s) Sold**" has the meaning given to it in Condition 7.

"**Aggregate Final Allowance(s) Entitlement**" has the meaning given to it in Condition 7.

"**Aggregate Net Sale Proceeds**" has the meaning given to it in Condition 7.

"**Allowance Type**" means the type of Allowance(s) specified in the Final Terms. As at the date of this Base Prospectus, the only Allowance Type that Carbon ETC Securities issued under this Programme may specify is EUAs.

"**Allowance(s)**" means specified allowances, credits, permits, rights or similar assets which represent a specific volume of carbon dioxide equivalent or other greenhouse gas, which is issued, allocated, created or recognised in accordance with the rules and regulations governing participation in a Scheme.

"**Allowance(s) Applicable Secured Property**" means the Luxembourg Law Secured Property.

"**Allowance(s) Applicable Security**" means the Luxembourg Law Security.

"**Allowance(s) Business Day**" means any Weekday on which the Allowance(s) Reference Price Source is scheduled to be fixed during business hours in Germany.

"**Allowance(s) Entitlement per Carbon ETC Security**" has the meaning given to it in Condition 4(b).

"**Allowance(s) Reference Price**" has the meaning given to it in Condition 4.

"**Allowance(s) Reference Price Source**" has the meaning given to it in Condition 4.

"**Allowance(s) Reference Price Source Disruption**" has the meaning given to it in Condition 8(a).

"**Allowance(s) Sale Request Details**" has the meaning given to it in the relevant Carbon Counterparty Agreement, being the following details notified by the Determination Agent to the Issuer (copied to the Programme Administrator) pursuant to clause 2.4.8 of the relevant Determination Agent Agreement and on a day prior to the first day of the related Redemption Disposal Period and by the time separately agreed between the Programme Administrator, the Determination Agent and the Carbon Counterparty:

(i) the aggregate number of Underlying Allowance(s) to be sold by the Issuer to the Carbon Counterparty; and

(ii) the Issuer's account details for settlement of the relevant Net Sale Proceeds.

"**Allowance(s) Sale Request Notice**" has the meaning given to it in clause 4.2.2 (*Allowance(s) Sale Request Notice*) of the relevant Carbon Counterparty Agreement, being a notice containing the Allowance(s) Sale Request Details delivered by the Issuer, on the same day following its receipt of the corresponding notice from the Determination Agent containing the Allowance(s) Sale Request Details, to the Carbon Counterparty (with a copy to the Determination Agent and the Programme Administrator) by the time separately agreed between the Programme Administrator, the Issuer and the Carbon Counterparty that the Issuer wishes to sell the relevant Underlying Allowance(s) to the Carbon Counterparty.

"**Allowance(s) Security Document**" means the Luxembourg Law Pledge Agreement.

"**AP Business Day Location**" means, in respect of a transfer of Allowance(s) between the Issuer and an Authorised Participant, the place corresponding to the relevant section of the Registry from which such Authorised Participant is delivering Allowance(s), or to which such Authorised Participant is receiving Allowance(s), as applicable.

"**Appointee**" has the meaning given to it in Condition 19(y).

"**Auctioning Regulation**" means the Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a system for greenhouse gas emission allowances trading within the Union, as amended from time to time.

"**Authorised Participant**" means each Authorised Participant appointed by or on behalf of the Issuer in relation to the relevant Series of Carbon ETC Securities from time to time. Each such Authorised Partcipant shall be a reputable financial services entity that is subject to the appropriate regulation in one or more of (i) a member state of the European Union, (ii) Jersey, (iii) the United Kingdom, and (iv) any another jurisdiction that is not a country or territory identified as presenting higher risks in the Anti-Money Laundering/Counter-Terrorist Financing Handbook for regulated financial services business as published by the Jersey Financial Services Commission from time to time. The list of Authorised Participants will be published on the website of the Issuer at: https://etf.dws.com/en-lu/audience-selection/?returnUrl=%2fen-lu%2finformation%2fetc-documents%2fannouncements%2f (or such other website as may be notified to Securityholders).

"**Authorised Participant Agreement**" means, in respect of a Series, each authorised participant agreement entered into between the Issuer and an Authorised Participant in connection with Carbon ETC Securities to the extent it relates to this Series of Carbon ETC Securities and which may be entered into at any time, whether before or after the Series Issue Date.

"**Average Allowance(s) Sale Price**" has the meaning given to it in Condition 7.

"**Bearer Securities**" means Carbon ETC Securities issued in bearer form.

"**Business Day**" means a Weekday that is a London Business Day, a Registry Business Day, a Jersey Business Day, an Allowance(s) Business Day and a Currency Business Day.

"**Buy-Back Order**" means each request from an Authorised Participant appointed in respect of a Series of Carbon ETC Securities that the Issuer buy back Carbon ETC Securities of the relevant Series of Carbon ETC Securities in the number of Carbon ETC Securities specified in such request.

"**Buy-Back Redemption Amount**" means, in respect of a Buy-Back Order, the number of Allowance(s) validated by the Issuing Agent as being equal to the product of (i) the Allowance(s) Entitlement per Carbon ETC Security in respect of the relevant Buy-Back Trade Date (as defined in the relevant Authorised Participant Agreement) and (ii) the aggregate number of Carbon ETC Securities to be purchased pursuant to the relevant Buy-Back Order, such total rounded down to the nearest whole number.

"**Carbon Accounts Administrator**" means the entity specified as such in the Final Terms and any successor or replacement thereto. In respect of Carbon ETC Securities where the Allowance Type is EUAs and the Custodian is European Depositary Bank S.A., the Carbon Accounts Administrator shall be Apex Financial Services (Corporate) Limited and any successor or replacement thereto.

"**Carbon Accounts Administrator Agreement**" means, in respect of a Series, the carbon accounts administrator agreement relating to the Carbon ETC Securities and other similar securities and entered into by the Issuer, the Carbon Accounts Administrator and any other parties thereto and in the form of the Master Carbon Accounts Administrator Terms (as amended and/or supplemented by the Issue Deed) and as such Carbon Accounts Administrator Agreement is amended, supplemented, novated or replaced from time to time.

"**Carbon Accounts Administrator Bankruptcy Event**" means the Carbon Accounts Administrator becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation or becomes "bankrupt" as such term is defined in Article 8 of the Interpretation (Jersey) Law 1954.

"**Carbon Accounts Closure Event**" has the meaning given to it in Condition 8(a).

"**Carbon Accounts Closure Redemption Event**" has the meaning given to it in Condition 7(d)(xiii).

"**Carbon Accounts Closure Redemption Event Notice**" has the meaning given to it in Condition 7(d)(xiii).

"**Carbon Counterparty**" means the entity specified as such in the Final Terms and any successor or replacement thereto.

"**Carbon Counterparty Agreement**" means, in respect of a Series, the carbon counterparty agreement relating to such Series of Carbon ETC Securities entered into by the Issuer and the Carbon Counterparty and any other parties thereto and in the form of the Master Carbon Counterparty Terms (as amended and/or supplemented by the Issue Deed) and as such Carbon Counterparty Agreement is amended, supplemented, novated or replaced from time to time.

"**Carbon Counterparty Bankruptcy Event**" means the Carbon Counterparty becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**Carbon Counterparty Business Day Location**" means, in respect of a transfer of Allowance(s) between the Issuer and the Carbon Counterparty, the place corresponding to the relevant section of the Registry from which the Carbon Counterparty is delivering Allowance(s), or to which the Carbon Counterparty is receiving Allowance(s), as applicable.

"**Carbon Counterparty FTP Consequence**" has the meaning given to it in Condition 5(d)(i)(C).

"**Carbon CP Bankruptcy Replacement Failure**" has the meaning given to it in the relevant Carbon Counterparty Agreement, being a failure by the Issuer to enter into an agreement with a successor or replacement Eligible Carbon Counterparty within the relevant time period pursuant to clause 9.1.3 (*Automatic termination*) of the relevant Carbon Counterparty Agreement.

"**Carbon CP Determination Standard**" has the meaning given to it in Condition 8(b)(iv).

"**Carbon CP Illegality Event**" has the meaning given to it in the relevant Carbon Counterparty Agreement, being due to the adoption of, or change in the reasonable interpretation of, any applicable law, regulation, rule, order, ruling or procedure, it has become illegal for the Carbon Counterparty to hold, acquire or dispose of any Allowance(s).

"**Carbon CP Replacement Failure**" has the meaning given to it in the relevant Carbon Counterparty Agreement, and shall occur following the Carbon Counterparty's failure to nominate an Eligible Carbon Coutnerparty before the expiry of the relevant 60 calendar day notice period (or such earlier date of expiry calculated pursuant to the relevant Carbon Counterparty Agreement) pursuant to clause 9.1.2 (*Condition to termination*) of the relevant Carbon Counterparty Agreement.

"**Carbon CP Specified Disruption Notice**" has the meaning given to it in Condition 8(b)(iv).

"**Carbon CP Suspension Election**" has the meaning given to it in Condition 8(d)(iii).

"**Carbon ETC Securities**" has the meaning given to it in Condition 2.

"**Carry-Over Product Fee Allowance(s)**" has the meaning given to it in clause 5.1.1 (*Notification of satisfaction of Relevant Volume Threshold Requirement(s)*) of the relevant Carbon Counterparty Agreement, being a number of Product Fee Allowance(s) which are not sold to the Carbon Counterparty on the relevant date where the relevant volume threshold requirement(s) in respect of such date are not satisfied.

"**Central Administrator**" has the meaning given to it in Condition 8(a).

"**Central Bank**" means the Central Bank of Ireland and any successor or replacement thereto.

"**CGN**" means a Global Security in classic global note form.

"**Clearing System**" means (i) Euroclear, (ii) Clearstream, Luxembourg or (iii) any other recognised clearing system in which Carbon ETC Securities of a Series may be cleared.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme, Luxembourg and any successor thereto.

"**Code**" has the meaning given to it in Condition 10(c).

"**Companies Law**" means the Companies (Jersey) Law 1991.

"**Conditions**" means these terms and conditions, as supplemented and/or varied or completed, as applicable, in respect of a Series or a particular Tranche by Part A of the relevant Final Terms and the provisions of any Global Security.

"**Confirmed Underlying Allowance(s)**" means the number of Underlying Allowance(s) specified in a Price Confirmation Notice as being purchased by the Carbon Counterparty.

"**Constitution**" means the Issuer's memorandum of association and articles of association.

"**Corporate Services Provider**" means, with respect to the Issuer, Apex Financial Services (Corporate) Limited, whose registered office is at IFC 5, St. Helier, JE1 1ST, Jersey and any successor or replacement thereto.

"**Currency Business Day**" means, with respect to the Specified Currency, each Weekday that is a TARGET Settlement Day.

"**Custodian**" means the entity specified as such in the Final Terms and any successor or replacement thereto. In respect of Carbon ETC Securities where the Allowance Type is EUAs, the Custodian shall be European Depositary Bank S.A. and any successor or replacement thereto.

"**Custodian Bankruptcy Event**" means the Custodian becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, any moratorium, judicial reorganisation, reorganisation by amical agreement, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation (including if an order is made or an effective resolution is passed for the judicial liquidation (*liquidation judiciaire*) of the Custodian in accordance with Articles 129ff. of the Luxembourg law of 18 December 2015 on the default of credit institutions and certain investment firms, as amended (the "**Resolution Law**") or an effective resolution is passed for the voluntary liquidation (*liquidation volontaire*) of the Custodian in accordance with Article 128 of the Resolution Law) or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**Custodian Bankruptcy/Breach/Illegality Replacement Failure**" has the meaning given to it in the relevant Custody Agreement, being a failure by the Issuer to enter into an agreement with a successor or replacement Eligible Custodian within the relevant time period pursuant to clause 10.5 (*Bankruptcy, Immediate Termination and other events*) of the relevant Custody Agreement.

"**Custodian Breach**" has the meaning given to it in the relevant Custody Agreement, being (i) a material breach by the Custodian of its obligations under the relevant Custody Agreement and, to the extent such breach is capable of being remedied, the Custodian fails to cure such breach within 15 calendar days of its becoming aware of, or its receiving notice from the Issuer or the Trustee of such breach or (ii) a breach by the Custodian of its obligations under the relevant Custody Agreement and, to the extent such breach is capable of being remedied, the Custodian fails to cure such breach within 30 calendar days of its

becoming aware of, or its receiving notice from the Issuer or the Trustee of such breach, in each case following the relevant cure period.

"**Custodian Disrepute Event**" has the meaning given to it in the Custody Agreement, being where the Issuer commits an act that in any way, in the opinion of a reasonable person, damaged or brought disrepute to the business or reputation of the Custodian.

"**Custodian Illegality Event**" has the meaning given to it in the relevant Custody Agreement, being an event due to the adoption of any change in, any applicable policies (including the EU emissions policy) or law or the electronic accounting systems impacting the EUAs constituting the Underlying Allowance(s) or the Union Registry after the Series Issue Date, it has become unlawful for the Custodian (on the Issuer's behalf) (i) to receive a delivery of EUAs, (ii) to hold or effect a transfer of all or some only of the Underlying Allowance(s) or (iii) to maintain and/or operate (including following instruction from the Carbon Accounts Administrator) the Series Carbon Account.

"**Custodian Replacement Failure**" has the meaning given to it in the relevant Custody Agreement, and shall occur following the Custodian's failure to nominate an Eligible Custodian before the expiry of the relevant 60 calendar day notice period (or such earlier date of expiry calculated pursuant to the relevant Custody Agreement) pursuant to clause 10.4 (*Condition to resignation and termination*) of the relevant Custody Agreement.

"**Custody Agreement**" means, in respect of a Series, the custody agreement relating to such Series of Carbon ETC Securities entered into by the Issuer, the Custodian, the Carbon Accounts Administrator and any other parties thereto and in the form of the Master Custody Terms (as amended and/or supplemented by the Issue Deed) and as such Custody Agreement is amended, supplemented, novated or replaced from time to time.

"**Custody Agreement AML Breach**" has the meaning given to it in the relevant Custody Agreement, being where the Issuer does not comply, within a reasonable timeframe, with the last request of the Custodian (provided that such request is reasonable) to provide documents requested by the Custodian for the documentation of the business relationship for the prevention of money laundering and terrorism financing activities and the Custodian notifies the Issuer of such failure to comply.

"**Day Count Fraction**" has the meaning given to it in Condition 4.

"**Determination Agent**" means Apex Fund Services (Ireland) Limited and any successor or replacement thereto.

"**Determination Agent Agreement**" means, in respect of a Series, the determination agent agreement relating to such Series of Carbon ETC Securities entered into by the Issuer, the Determination Agent and any other parties thereto and in the form of the Master Determination Agent Terms (as amended and/or supplemented by the Issue Deed) and as such Determination Agent Agreement is amended, supplemented, novated or replaced from time to time.

"**Determination Agent Bankruptcy Event**" means the Determination Agent becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, examiner, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or, if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, examiner, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**Determination Agent Breach**" has the meaning given to it in Condition 10(f).

"**Determination Agent Regulatory Breach**" has the meaning given to it in the relevant Determination Agent Agreement, being if the Determination Agent breaches any applicable laws or regulations or becomes subject to a lawsuit, regulatory action, government investigation, allegation, demand, claim, request, inquiry, sanction, arbitration or proceeding that the Issuer or the Programme Administrator reasonably determines could cause reputational harm.

"**Determination Agreement Breach**" has the meaning given to it in the relevant Determination Agent Agreement, being if (i) the Determination Agent commits any material breach of its obligations under the relevant Determination Agent Agreement and, to the extent such breach is capable of being remedied, the Determination Agent fails to cure such breach within 15 calendar days of its becoming aware of, or its receiving notice from the Issuer, the Trustee or the Programme Administrator of such breach or (ii) the Determination Agent commits any breach of its obligations under the relevant Determination Agent Agreement and, to the extent such breach is capable of being remedied, the Determination Agent fails to cure such breach within 30 calendar days of its becoming aware of, or its receiving notice from the Issuer, the Trustee or the Programme Administrator of such breach, in each case following the relevant cure period.

"**Disrupted Day**" means a Scheduled Valuation Day that is not a Valuation Day.

"**Disrupted Disposal Period Event**" has the meaning given to it in Condition 8(d)(ii)(B).

"**Disrupted Offer Event**" has the meaning given to it in Condition 8(d)(i).

"**Disrupted Remaining Sale/Purchase Event**" has the meaning given to it in Condition 8(d)(ii)(C).

"**Disrupted Settlement Event**" has the meaning given to it in Condition 8(d)(iii).

"**Disruption Event**" has the meaning given to it in Condition 8.

"**Disruption Event Notice**" has the meaning given to it in Condition 8(b).

"**DWSI**" means DWS Investments UK Limited and any successor or replacement thereto.

"**Early Allowance(s) Redemption Amount**" has the meaning given to it in Condition 7.

"**Early Redemption Amount**" has the meaning given to it in Condition 7(b).

"**Early Redemption Disposal Period**" means, subject to Condition 8(c), the period which lasts [*To be specified in Final Terms* – [●] days], which shall start from (but exclude) the date falling four Business Days following the Early Redemption Valuation Date.

"**Early Redemption Event**" has the meaning given to it in Condition 7(d).

"**Early Redemption Valuation Date**" has the meaning given to it in Condition 7.

"**Eligible Carbon Accounts Administrator**" means a reputable entity that the Issuer and the Programme Administrator reasonably determines is capable of performing the role of Carbon Accounts Administrator under the Carbon Accounts Administration Agreement.

"**Eligible Carbon Counterparty**" means any bank, credit institution, financial institution or investment firm (which for these purposes shall include any leading dealer or broker in carbon allowance(s)) incorporated, domiciled and regulated in an OECD country and which meets the requirements set out in clause 9.2.1 (*Carbon Counterparty Requirements*) of the relevant Carbon Counterparty Agreement and whose appointment shall be further subject to clause 9.1.5 (*Programme Administrator Determination*).

"**Eligible Custodian**" means a reputable bank or other financial institution which the Issuer reasonably determines is capable of acting in a manner consistent with the standards and practices of a professional

custodian for hire in the markets or jurisdictions in which the Custodian is obliged to perform services under the relevant Custody Agreement.

"**Eligible Determination Agent**" means a reputable entity that provides administration services of a similar type to those required of the Determination Agent under the Relevant Provisions that the Issuer reasonably determines is capable of making the calculation(s) and/or determination(s) required to be made by the Determination Agent under the Relevant Provisions and that is subject to the appropriate regulation in one or more of (i) a member state of the European Union, (ii) Jersey, (iii) the United Kingdom, and (iv) any another jurisdiction that is not a country or territory identified as presenting higher risks in the Anti-Money Laundering/Counter-Terrorist Financing Handbook for regulated financial services business as published by the Jersey Financial Services Commission from time to time.

"**Eligible Programme Administrator**" means a reputable financial services entity that the Issuer reasonably determines is capable of performing the role of Programme Administrator under the Programme Administrator Agreement.

"**Emissions Administrator Event**" has the meaning given to it in Condition 8(a).

"**Emissions Disruption Event**" has the meaning given to it in Condition 8(a).

"**Emissions Disruption Redemption Event Notice**" has the meaning given to it in Condition 7(d)(xiv).

"**Emissions Disruption Redemption Event**" has the meaning given to it in Condition 7(d)(xiv).

"**Emissions Suspension Event**" has the meaning given to it in Condition 8(a).

"**Enforcement Event**" has the meaning given to it in Condition 5(e).

"**Enforcement Notice**" has the meaning given to it in Condition 5(e).

"**English Law Secured Property**" means the Secured Agent Rights and the Secured Assets which are secured pursuant to the English Law Security Deed.

"**English Law Security**" means the security constituted by the English Law Security Deed.

"**English Law Security Deed**" means, in respect of a Series, the security deed governed by English law relating to such Series of Carbon ETC Securities entered into as a deed by the Issuer, the Trustee and any other parties thereto by the execution of the Issue Deed and in the form of the Master English Law Security Terms (as amended and/or supplemented by the Issue Deed) and as such English Law Security Deed is amended, supplemented, novated or replaced from time to time.

"**EU**" means the European Union.

"**EU ETS**" means the European Union Emissions Trading System.

"**EU ETS Directive**" means Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended from time to time.

"**EUA**" means a unit of account that is an "allowance" to emit one metric tonne of carbon dioxide (CO2) or an amount of any other greenhouse gas listed in Annex II of the EU ETS Directive with an equivalent global-warming potential, as defined in the EU ETS Directive and issued pursuant to Chapter III thereof (during the phase specified in the relevant Final Terms) and is used in the EU ETS. For the avoidance of doubt, (i) an "EUA" is an Allowance Type and (ii) the Issuer may hold either (or a combination of) EUAs allocated in Phase III (1 January 2013 to 31 December 2020) of the EU ETS or EUAs allocated in Phase IV (1 January 2021 to 31 December 2030) of the EU ETS.

"**EUA Regulatory Event**" has the meaning given to it in Condition 7(d)(x).

"**EUA Regulatory Redemption Event**" has the meaning given to it in Condition 7(d)(x).

"**EUA Regulatory Redemption Event Notice**" has the meaning given to it in Condition 7(d)(x).

"**Euro Dissolution Event Notice**" has the meaning given to it in Condition 7(d)(vii).

"**Euro Dissolution Redemption Event**" has the meaning given to it in Condition 7(d)(vii).

"**Euro Member State**" means any member state that has adopted or adopts the single currency in accordance with the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community (signed in Lisbon on 13 December 2007).

"**Euroclear**" means Euroclear Bank S.A./N.V. and any successor thereto.

"**Euronext Dublin**" means The Irish Stock Exchange plc trading as Euronext Dublin and any successor thereto.

"**EUTL**" has the meaning given to it in Condition 8(a).

"**Event of Default**" has the meaning given to it in Condition 12.

"**Event of Default Redemption Notice**" has the meaning given to it in Condition 12.

"**Extraordinary Resolution**" means, in respect of a Series, a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast, provided that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate number of the Carbon ETC Securities who for the time being are entitled to receive notice of a meeting held in accordance with the Trust Deed shall, for all purposes, be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Securityholders duly convened and held in accordance with the relevant provisions of the Trust Deed.

"**Failure to Comply**" has the meaning given to it in Condition 8(a).

"**Failure to Deliver**" has the meaning given to it in Condition 8(a).

"**Fallback Valuation Date Determination**" has the meaning given to it in Condition 8(c)(i).

"**Final Allowance(s) Redemption Amount**" has the meaning given to it in Condition 7.

"**Final Redemption Amount**" has the meaning given to it in Condition 7(a).

"**Final Redemption Disposal Period**" means, subject to Condition 8(c), the period which lasts [*To be specified in Final Terms* – [●] days], which shall start from (but exclude) the date falling four Business Days following the Final Redemption Valuation Date.

"**Final Redemption Valuation Date**" has the meaning given to it in Condition 7.

"**Final Terms**" means, in respect of a Series and a Tranche, the final terms issued specifying the relevant issue details of such Tranche of Carbon ETC Securities for such Series, in the form and on the same terms set out in the Issue Deed relating to the first Tranche of Carbon ETC Securities for such Series (and with the final terms for each Tranche of a Series resulting in the same terms and conditions as the Carbon ETC Securities in all respects and so that such further Tranche shall be consolidated and form a single series with the Carbon ETC Securities pursuant to Condition 16, provided that, for the avoidance of doubt, different issue dates and updated references to the number of Carbon ETC Securities of the Series and updated references to other variables as they stand at or around the issue date of the Tranche shall not result in different terms and conditions or to the final terms for the Tranche being deemed to be on different terms or in a different form).

"**Force Majeure Disruption Event**" has the meaning given to it in Condition 8(a).

"**Global Security**" means, in respect of a Series, the permanent global security representing the Carbon ETC Securities comprising such Series.

"**holder**" has the meaning given to it in Condition 2.

"**Holding Account**" means a form of digital record maintained in a Registry (pursuant to and in accordance with the Registries Regulation) that is able to be used to record the allocation (if applicable), holding and transfer of EUAs pursuant to and in accordance with the Scheme.

"**Initial Allowance(s) Entitlement per Carbon ETC Security**" means, on the Series Issue Date, the Initial Allowance(s) Entitlement per Carbon ETC Security [*To be specified in Final Terms* – [is][was] [●]].

"**Initial Early Redemption Event**" has the meaning given to it in Condition 7(b).

"**Issue Deed**" means, in respect of a Series, the issue deed in respect of such Series of Carbon ETC Securities made between, *inter alios*, the Issuer, the Trustee and the other parties specified therein and which constitutes such Series (as amended, supplemented, novated or replaced from time to time) and which will be entered into at the time of the first Tranche of Carbon ETC Securities for that Series and which will apply, without further action and without the need for re-execution or execution of a new Issue Deed, to any further Tranches of that Series. Any document which amends, supplements or replaces a Transaction Document originally constituted by the Issue Deed shall itself be considered to be part of the Issue Deed as between the parties to such document.

"**Issue Price per Carbon ETC Security**" means:

(i) on the Series Issue Date of a Series, the Issue Price per Carbon ETC Security of that Series is an amount equal to (a) the Initial Allowance(s) Entitlement per Carbon ETC Security; multiplied by (b) the Allowance(s) Reference Price with respect to the Series Issue Date; and

(ii) in relation to any subsequent Tranche of the Carbon ETC Securities of that Series issued after the Series Issue Date, the Value per Carbon ETC Security (as determined by the Determination Agent and published on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time)) in respect of the Subscription Trade Date relating to such Tranche,

in each case, expressed in the Specified Currency.

"**Issuer**" means Xtrackers (Jersey) ETC PLC, a public limited company with registered number 145739, or any replacement or successor thereto.

"**Issuer Call Redemption Event**" has the meaning given to it in Condition 7(c).

"**Issuer Call Redemption Notice**" has the meaning given to it in Condition 7(c).

"**Issuer Change in Law or Regulation Redemption Event**" has the meaning given to it in Condition 7(d)(i).

"**Issuer Illegality Event**" has the meaning given to it in Condition 7(d)(i).

"**Issuer Insolvency Event**" has the meaning given to it in Condition 12.

"**Issuer Redemption Notice**" has the meaning given to it in Condition 7(d)(i).

"**Issuer Series Fees and Expenses**" means the Series Overheads and, without duplication, the Series' *pro rata* share of the general operating costs and expenses of the Issuer accrued and unpaid as at the date of redemption of the Carbon ETC Securities or, if later, on the date(s) on which application of proceeds is made in accordance with the Trust Deed, the Security Documents and the Conditions.

"**Issuer Theft Event Notice**" has the meaning given to it in Condition 7(d)(viii).

"**Issuing Agent**" means Apex Fund Services (Ireland) Limited and any successor or replacement thereto.

"**Issuing Agent Bankruptcy Event**" means the Issuing Agent becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, examiner, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or, if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, examiner, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**Jersey Business Day**" means each day on which banks are generally scheduled to be open for business in Jersey.

"**Jersey GST**" means any goods and services tax as provided for under the Goods and Services Tax (Jersey) Law 2007.

"**Jersey Law Secured Property**" means the Secured Agent Rights and the Secured Assets which are secured pursuant to the Jersey Law Security Interest Agreement.

"**Jersey Law Security**" means the security constituted by the Jersey Law Security Interest Agreement.

"**Jersey Law Security Interest Agreement**" means, in respect of a Series, the security interest agreement governed by the laws of Jersey relating to such Series of Carbon ETC Securities entered into by the Issuer and the Trustee by the execution of the Issue Deed and in the form of the Master Jersey Law Security Terms (as amended and/or supplemented by the Issue Deed) and as such Jersey Law Security Interest Agreement is amended, supplemented, novated or replaced from time to time.

"**Linking Agreement**" has the meaning given to it in Condition 8(a).

"**London Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks settle payments in London.

"**London time**" means the time in London, England.

"**Loss**" means any loss, liability, cost, claim, damages, expense (including, but not limited to, legal costs and expenses) or demand (or actions in respect thereof), judgment, interest on any judgment, assessment, fees or amounts paid in settlement of any action or claim.

"**LSTL**" has the meaning given to it in Condition 8(a).

"**Luxembourg Account Administrator**" has the meaning given to it in Condition 8(a).

"**Luxembourg Law Pledge Agreement**" means, in respect of a Series, the pledge agreement governed by Luxembourg law relating to such Series of Carbon ETC Securities entered into by the Issuer, the Trustee and the Custodian by the execution of the Issue Deed and in the form of the Master Luxembourg Law Security Terms (as amended and/or supplemented by the Issue Deed) and as such Luxembourg Law Pledge Agreement is amended, supplemented, novated or replaced from time to time.

"**Luxembourg Law Secured Property**" means the Secured Agent Rights and the Secured Assets which are secured pursuant to the Luxembourg Law Pledge Agreement.

"**Luxembourg Law Security**" means the security constituted by the Luxembourg Law Pledge Agreement.

"**Master Agency Terms**" means, in respect of a Series, the master agency terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented,

novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Carbon Accounts Administrator Terms**" means, in respect of a Series, the master carbon accounts administrator terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Carbon Counterparty Terms**" means, in respect of a Series, the master carbon counterparty terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Custody Terms**" means, in respect of a Series, the master custody terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Determination Agent Terms**" means, in respect of a Series, the master determination agent terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master English Law Security Terms**" means, in respect of a Series, the master English law security terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Jersey Law Security Terms**" means, in respect of a Series, the master Jersey law security terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Luxembourg Law Security Terms**" means, in respect of a Series, the master Luxembourg law security terms relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Terms and Conditions**" means, in respect of a Series, the master terms and conditions relating to the Programme and specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Master Trust Terms**" means, in respect of a Series, the master trust terms specified in the Issue Deed relating to such Series of Carbon ETC Securities, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

"**Maturity Postponement Notice**" has the meaning given to it in Condition 8(c)(iii).

"**Maximum Product Fee Percentage**" has the meaning given to it in Condition 4.

"**Member State**" means any one of the signatories of the European Union from time to time.

"**Minimum Debt Principal Amount**" has the meaning given to it in Condition 7(a)(ii).

"**Mirror Custody Account(s)**" means any cash or financial instruments accounts opened by the Issuer with the Custodian in respect of the relevant Series of Carbon ETC Securities. For the avoidance of doubt, the Series Carbon Account and the Series Cash Account are not Mirror Custody Account(s).

"**National Administrator**" means (i) the entity responsible for administering, on behalf of a Member State, a set of user accounts under the jurisdiction of a Member State in the Union Registry as designated in accordance with Article 7 of the Registries Regulation or (ii) the entity identified as an administrator in respect of an LSTL (as defined in Condition 8).

"**Net Sale Proceeds**" has the meaning given to it in Condition 7.

"**NGN**" means a Global Security in new global note form.

"**number**" with respect to (i) a number of Allowance(s) or (ii) a number of Underlying Allowance(s), means a quantity of Allowance(s) or Underlying Allowance(s) (respectively).

"**Obligor**" means each person that has an obligation to the Issuer under the Secured Property.

"**OECD**" means the Organisation for Economic Cooperation and Development and any successor thereto.

"**Other Creditor**" means each person that is entitled to the benefit of Other Issuer Obligations.

"**Other Issuer Obligations**" means the obligations and duties of the Issuer owed to any party under the Transaction Documents other than the Secured Issuer Obligations and "**Other Issuer Obligation**" means any of them.

"**outstanding**" means, in relation to the Carbon ETC Securities and a Scheduled Valuation Day, (i) on the Series Issue Date, the Carbon ETC Securities issued on such date, and (ii) on any Scheduled Valuation Day thereafter, all the Carbon ETC Securities issued on or prior to such Scheduled Valuation Day except (a) those that have been redeemed in accordance with Conditions 7(a), 7(b) or 7(c); (b) those that have been cancelled for any reason; (c) those in respect of which the date for redemption has occurred and the redemption moneys have been duly paid to the Trustee or to the Issuing Agent and which remain available for payment against presentation and surrender of Carbon ETC Securities; (d) those that have become void or in respect of which claims have become prescribed; (e) those which have been issued and which are pending settlement to an Authorised Participant but in respect of which either the settlement date for which has not yet been reached or the relevant Authorised Participant(s) has not delivered in full the relevant subscription amount; (f) those that have been purchased, settled and cancelled as provided in Condition 7(e); (g) those mutilated or defaced Bearer Securities that have been surrendered in exchange for replacement Bearer Securities; (h) (for the purpose only of determining how many Carbon ETC Securities are outstanding and without prejudice to their status for any other purpose) those Bearer Securities alleged to have been lost, stolen or destroyed and in respect of which replacement Carbon ETC Securities have been issued provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Securityholders, (2) the determination of how many Securities are outstanding for the purposes of the Conditions and the Transaction Documents and (3) the exercise of any discretion, power or authority that the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Securityholders, those Carbon ETC Securities that are beneficially held by or on behalf of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding. For the avoidance of doubt, Carbon ETC Securities (if any) which the Issuer has agreed on or prior to such Scheduled Valuation Day to issue but in respect of which either the settlement date has not been reached or delivery of the relevant subscription amount has not been received in full from the relevant Authorised Participant(s) and settlement to such relevant Authorised Participant(s) has not yet occurred in accordance with the relevant Authorised Participant Agreement shall not be deemed to be "outstanding" on such day.

"**PA Theft Event Notice**" has the meaning given to it in Condition 7(d)(viii).

"**Paying Agent**" means Citibank, N.A., London Branch.

"**Paying Agent Bankruptcy Event**" means the Paying Agent becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, examiner, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or, if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, examiner, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**Payment Business Day**" means in relation to a payment, a day (other than a Saturday or Sunday) (i) that is a TARGET Settlement Day and on which (ii) the Relevant Clearing System is open.

"**Phase IV Ineligibility Event Notice**" has the meaning given to it in Condition 7(d)(xi).

"**Phase IV Ineligibility Redemption Event**" has the meaning given to it in Condition 7(d)(xi).

"**Potential Event of Default**" means an event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default.

"**Price Confirmation Notice**" has the meaning given to it in the relevant Carbon Counterparty Agreement, being a notice delivered by the Carbon Counterparty to the Issuer (with a copy to the Programme Administrator, the Determination Agent, the Trustee, the Custodian and the Carbon Accounts Administrator) pursuant to clause 4.2.4 of the relevant Carbon Counterparty Agreement specifying, *inter alia*, (i) the number of Confirmed Underlying Allowance(s) purchased by the Carbon Counterparty and (ii) the Relevant Underlying Allowance(s) Payment Date, the Relevant Price and the expected Net Sale Proceeds in respect of such Confirmed Underlying Allowance(s).

"**Price Source**" means, in respect of this Series of Carbon ETC Securities and any Reference Rate relating thereto, any screen or other source specified in these Conditions, including in the relevant Final Terms, on which such Reference Rate is expected to be displayed or published, as such screen or source may be replaced or succeeded pursuant to these Conditions.

"**Principal**" means the Final Redemption Amount or Early Redemption Amount, as applicable.

"**Proceedings**" has the meaning given to it in Condition 21(b).

"**Product Fee**" means, in respect of a Series, a reduction to the Allowance(s) Entitlement per Carbon ETC Security and which, as a result of such reduction, operates as a charge on holders of Carbon ETC Securities. The Issuer will periodically offer to sell relevant Product Fee Allowance(s) (the number of Allowance(s) calculated pursuant to the relevant Determination Agent Agreement and relevant Carbon Counterparty Agreement and such number of Allowance(s) subject to rounding in accordance with clause 5.6 (*Rounding*) of the Carbon Counterparty Agreement) to the Carbon Counterparty. The net sale proceeds of such Product Fee Allowance(s) (which shall be net of any deductions that the Carbon Counterparty is entitled to make in accordance with the provisions of the relevant Carbon Counterparty Agreement) shall be paid by the Carbon Counterparty into the Issuer's Series Cash Account and shall be payable by the Issuer to the Programme Administrator in accordance with the Programme Administrator Agreement. The Programme Administrator Agreement provides that the Programme Administrator will use such net sale proceeds (which funds the Product Fee) in relation to each Series of Carbon ETC Securities to pay on behalf of the Issuer certain costs of the Programme (as set out in the schedule to the Programme Administrator Agreement) (for example the fees, costs and charges of certain Transaction Parties) and the Issuer more generally. The Product Fee for this Series of Carbon ETC Securities will be calculated in accordance with Condition 4 using the Product Fee Percentage and shall accrue on a daily basis and be

applied to the aggregate Allowance(s) Entitlement per Carbon ETC Security of the Series of Carbon ETC Securities on each Valuation Day.

"**Product Fee Allowance(s)**" has the meaning given to it in Condition 4(d).

"**Product Fee Deduction Factor**" has the meaning given to it in Condition 4.

"**Product Fee Percentage**" has the meaning given to it in Condition 4.

"**Programme**" means the Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme of Xtrackers (Jersey) ETC PLC (as may be renamed at the Issuer's sole discretion from time to time).

"**Programme Administrator**" means DWSI in its capacity as programme administrator under the Programme and any successor or replacement thereto.

"**Programme Administrator Agreement**" means the programme administrator agreement relating to the Carbon ETC Securities and other similar securities and entered into by the Issuer and the Programme Administrator dated on or about 15 November 2023 as amended, supplemented, novated or replaced from time to time.

"**Programme Administrator Bankruptcy Event**" means the Programme Administrator becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**Programme Maximum Number of Carbon ETC Securities**" means 1,000,000,000 Carbon ETC Securities.

"**Redemption Disposal Period**" means the Early Redemption Disposal Period or the Final Redemption Disposal Period, as applicable.

"**Reference Rate**" means, in respect of a Series of Carbon ETC Securities, any index or benchmark by reference to which any amount payable under the Carbon ETC Securities of that Series, or any formula, calculation or determination relating to the Carbon ETC Securities of that Series, is determined, as the same may be replaced or succeeded pursuant to Condition 9.

"**Reference Rate Cessation**" means, in respect of this Series of Carbon ETC Securities:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate

permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) the Programme Administrator otherwise determines that a Reference Rate has ceased to be published on a permanent or indefinite basis and there is no successor administrator that will continue to provide the Reference Rate.

"**Reference Rate Event**" means, for this Series of Carbon ETC Securities, the occurrence of any of the following:

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

(iii) there is an Allowance(s) Reference Price Source Disruption for more than five consecutive Allowance(s) Business Days.

"**Reference Rate Event Notice**" has the meaning given to it in Condition 9(b).

"**Registries Regulation**" means the Commission Delegated Regulation (EU) 2019/1122 of 12 March 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Union Registry, as amended from time to time.

"**Registry**" means the registry established by the EU in order to ensure the accurate accounting of the issue, holding, transfer, acquisition, surrender, cancellation and replacement of EUAs, including the Union Registry and the Holding Accounts within the Union Registry that are under the jurisdiction of a single National Administrator designated by a Member State.

"**Registry Agreement**" has the meaning given to it in Condition 8(a).

"**Registry Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Luxembourg and in the Carbon Counterparty Business Day Location or, where Allowance(s) are transferred between the Issuer and an Authorised Participant, in Luxembourg, in the Carbon Counterparty Business Day Location and in the AP Business Day Location.

"**Registry Operation**" has the meaning given to it in Condition 8(a).

"**Regulatory Requirement Amendments**", for a Series, has the meaning given to it in Condition 18.

"**Regulatory Requirement Amendments Certificate**", for a Series, has the meaning given to it in Condition 18.

"**Regulatory Requirement Event**" means, for a Series, that, as a result of a Relevant Regulatory Law:

(i) the Carbon ETC Securities or any of the transactions contemplated by the Conditions and the Transaction Documents are not, or will cease to be, compliant with one or more Relevant Regulatory Laws;

(ii) the Issuer and/or any Transaction Party is not, or will cease to be, compliant with one or more Relevant Regulatory Laws; or

(iii) the Issuer and/or any Transaction Party is not, or will cease to be, able to continue to transact future business (as issuer of Carbon ETC Securities or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws.

"**Relevant Authority**" has the meaning given to it in Condition 8(a).

"**Relevant Clearing System**" means [*Each Relevant Clearing System through which this Series of Carbon ETC Securities is to be cleared to be specified in Final Terms*].

"**Relevant Nominating Body**" means, in respect of a Reference Rate:

(i) the central bank for the currency in which the Reference Rate is denominated or any central bank or other supervisor which is responsible for supervising either the Reference Rate or the administrator of the Reference Rate; or

(ii) any working group or committee officially endorsed or convened by (a) the central bank for the currency in which the Reference Rate is denominated, (b) any central bank or other supervisor which is responsible for supervising either the Reference Rate or the administrator of the Reference Rate, (c) a group of those central banks or other supervisors or (d) the Financial Stability Board or any part thereof.

"**Relevant Price**" has the meaning given to it in Condition 7.

"**Relevant Provisions**" means:

(i) with respect to the Determination Agent (or, in the event that the Programme Administrator is using its reasonable efforts to perform the duties and obligations of the Determination Agent on a temporary basis in accordance with the terms of the Programme Administrator Agreement, the Programme Administrator), the provisions of the Determination Agent Agreement, the Transaction Documents and the Conditions;

(ii) with respect to the Programme Administrator, the provisions of the Programme Administrator Agreement, the Transaction Documents to which it is a party and the Conditions; and

(iii) with respect to the Issuing Agent, the provisions of the Agency Agreement, the Transaction Documents and the Conditions relating to the relevant Series of Carbon ETC Securities.

"**Relevant Registry**" means the Registry through which a party is obliged to perform a delivery or acceptance obligation under and in accordance with the Conditions.

"**Relevant Regulatory Law**" means, in respect of a Series:

(i) the Dodd-Frank Act, the Bank Holding Company Act of 1956 and the Federal Reserve Act of 1913 (or similar legislation in other jurisdictions) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(ii) Regulation 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, central counterparties and trade repositories and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(iii) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(iv) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(v) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(vi) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(vii) Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(viii) Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

(ix) the Financial Services (Jersey) Law 1998, the Companies Law, the Collective Investment Funds (Jersey) Law 1988 and the Control of Borrowing (Jersey) Law 1947 and all orders and regulations relating thereto;

(x) the implementation or adoption of, or any change in, any applicable law, regulation, rule, guideline, standard or guidance of any jurisdiction (whether within the European Union or not) after the Relevant Regulatory Law Reference Date, and with applicable law, regulation, rule, guideline, standard or guidance for this purpose meaning (a) any similar, related or analogous law, regulation, rule, guideline, standard or guidance to those in paragraphs (i) to (viii) above or any law or regulation that imposes a financial transaction tax or other similar tax or (b) any law, regulation, rule, guideline, standard or guidance of any jurisdiction that is changed or that is implemented as a result of the UK's prospective or actual departure from the European Union;

(xi) any arrangements or understandings that any Transaction Party or any of its Affiliates may have made or entered into with any regulatory agency with respect to its or any of their legal entity structure or location with regard to (a) any of paragraphs (i) to (ix) above or (b) the UK's prospective or actual departure from the E.U.; or

(xii) any change in any of the laws, regulations, rules, guidelines, standards or guidance referred to in paragraphs (i) to (ix) above as a result of the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction after the Relevant Regulatory Law Reference Date or as a result of the public or private statement or action by, or response of, any court, tribunal or regulatory authority with competent jurisdiction or any official or representative of any such court, tribunal or regulatory authority acting in an official capacity with respect thereto.

"**Relevant Regulatory Law Reference Date**" means, for a Series, the date specified in the Final Terms.

"**Relevant Stock Exchange**" means each stock exchange on which the Issuer has made an application for this Series of Carbon ETC Securities to be listed and on which they are, at the relevant time, listed.

"**Relevant Underlying Allowance(s) Payment Date**" has the meaning given to it in the relevant Carbon Counterparty Agreement, being a date specified by the Carbon Counterparty in each Price Confirmation Notice relating to a sale and purchase of the relevant Confirmed Underlying Allowance(s), provided such date is a Business Day no later than (i) the 2nd Business Day following delivery of the corresponding Price Confirmation Notice and (ii) the Settlement Long-Stop Date, subject further to postponement following the occurrence of a Disruption Event in accordance with Condition 8(d) (*Disruption Events in respect of the sale and purchase of Allowance(s)*).

"**Replacement Details Notice**" has the meaning given to it in Condition 9(b).

"**Replacement Reference Rate**" means, in respect of a Reference Rate:

(i) where the Reference Rate Event is a Reference Rate Cessation or an Administrator/Benchmark Event, any index, benchmark or other price that is formally designated, nominated or recommended by:

(a) any Relevant Nominating Body; or

(b) the administrator or sponsor of the Reference Rate (provided that such index, benchmark or other price is substantially the same as the Reference Rate); or

if there is no such designation, nomination or recommendation, or the Programme Administrator reasonably determines that in the context of the Carbon ETC Securities such designation, nomination or recommendation is not a commercially reasonable alternative for the affected Reference Rate, then the Replacement Reference Rate shall be such index, benchmark or other price that the Programme Administrator determines to be a commercially reasonable alternative for the affected Reference Rate; and

(ii) where the Reference Rate Event is not a Reference Rate Cessation or an Administrator/Benchmark Event, any index, benchmark or other price that is determined by the Programme Administrator to be a commercially reasonable alternative for the affected Reference Rate.

"**Requirements under the Scheme**" has the meaning given to it in Condition 8(a).

"**Scheduled Early Redemption Date**" has the meaning given to it in Condition 7.

"**Scheduled Maturity Date**" is the date specified in the Final Terms and shall be a date no earlier than the 8th Business Day following the last day of the Final Redemption Disposal Period, subject to postponement in accordance with Condition 8(c).

"**Scheduled Valuation Day**" means the Series Issue Date and each day thereafter that is a Business Day.

"**Scheme**" means (i) [*To be specified in Final Terms* – [●]] or (ii) in respect of Carbon ETC Securities where the Allowance Type is EUAs, the scheme for transferring EUAs established pursuant to the EU ETS Directive and the Registries Regulation, and as implemented by the national laws of Member States.

"**Secondary Early Redemption Event**" has the meaning given to it in Condition 7(b).

"**Secured Agent Rights**" means (i) the rights and interest of the Issuer in and under the Agency Agreement, the Carbon Counterparty Agreement, the Carbon Accounts Administrator Agreement, the Determination Agent Agreement, the Programme Administrator Agreement, the Custody Agreement (including all of the Issuer's claims, rights, title, interest and benefit present and future against the Custodian under the Custody Agreement in respect of the relevant Series of Carbon ETC Securities and in respect of the Underlying Allowance(s) relating to such Series of Carbon ETC Securities), each Authorised Participant Agreement, the Administration Services Agreement (in each case, to the extent that it relates to the relevant Series of Carbon ETC Securities) and the rights, title and interest of the Issuer in all property, assets and sums derived from such agreements; (ii) any rights, claims and distributions the Issuer has or will have in relation to any Mirror Custody Account(s), including, for the avoidance of doubt,

other rights held therein or credited thereto and (iii) any other claims, rights, title, interest, benefit which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to each Security Document for that Series and that, in each case, have not been released in accordance therewith. For the avoidance of doubt, Secured Agent Rights shall include the rights of the Issuer in respect of the Series Cash Account in respect of the relevant Series of Carbon ETC Securities.

"**Secured Assets**" means, in respect of a Series, (i) all property, assets and sums held by the Issuer or the Issuing Agent and/or the Carbon Accounts Administrator and all sums held by the Custodian (in each case, on the Issuer's behalf) in connection with the Carbon ETC Securities of that Series and/or any Transaction Document for that Series (for the avoidance of doubt, not including any general cash account), including the Series Cash Account; (ii) any assets the Issuer has or will have in relation to any Mirror Custody Account(s), including, for the avoidance of doubt, securities, cash and the property held therein or credited thereto and (iii) any other property, assets and/or sums which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to each Security Document for that Series and that, in each case, have not been released in accordance therewith.

"**Secured Creditor**" means each person (except for the Carbon Counterparty) that is entitled to the benefit of Secured Issuer Obligations for such Series.

"**Secured Issuer Obligations**" means, in respect of a Series, the obligations and duties of the Issuer under the Trust Deed, each Security Document, each Carbon ETC Security of that Series and each other Transaction Document (in each case to the extent such obligations and duties relate to this Series of Carbon ETC Securities) together with any obligation to pay any other amount by (or on behalf of) the Issuer that is listed in Condition 5(c) (including the introductory paragraph thereto), in each case to the extent such amounts relate to such Series and "**Secured Issuer Obligation**" means any of them.

"**Secured Property**" means the English Law Secured Property, the Jersey Law Secured Property and the Allowance(s) Applicable Secured Property.

"**Securities Act**" means the United States Securities Act of 1933 as amended.

"**Security**" means the English Law Security, the Jersey Law Security and the Allowance(s) Applicable Security.

"**Security Document**" means, in respect of a Series, the English Law Security Deed or the Jersey Law Security Interest Agreement or the Allowance(s) Security Document for such Series, as the context may require, and "**Security Documents**" shall refer to all of them.

"**Securityholder**" has the meaning given to it in Condition 2.

"**Seed Authorised Participant**" means the Authorised Participant designated by the Programme Administrator to act in the capacity of authorised participant in respect of the first Tranche of a Series of Carbon ETC Securities, pursuant to the relevant Authorised Participant Agreement.

"**Series**" means, in respect of Carbon ETC Securities, all Carbon ETC Securities having the same ISIN or other securities identifier.

"**Series Carbon Account**" means, in respect of a Series of Carbon ETC Securities, the segregated secured carbon account in relation to that Series of Carbon ETC Securities which is opened by and in the name of the Custodian (on behalf of the Issuer), in the Luxembourg section of the Union Registry (which is held for the benefit of the Issuer and maintained and operated by the Carbon Accounts Administrator by instruction to the Custodian). For the avoidance of doubt, a separate Series Carbon Account shall be opened and maintained in respect of each Series of Carbon ETC Securities and the details of the relevant

Series Carbon Account shall be set out in the Issue Deed in respect of the relevant Series of Carbon ETC Securities.

"**Series Cash Account**" means, in respect of a Series of Carbon ETC Securities, the segregated non-interest bearing cash account(s) located in Jersey in the name of the Issuer in relation to that Series of Carbon ETC Securities.

"**Series Issue Date**" means [*To be specified in Final Terms* – [●]], being the issue date of the first Tranche of this Series of Carbon ETC Securities.

"**Series Overheads**" means, in respect of a Series of Carbon ETC Securities:

(i) the costs in relation to the printing of any Carbon ETC Securities of such Series, any offering documentation and any other publication or advertising in respect of the Programme (or the relevant portion of such costs in respect of such Series of Carbon ETC Securities, where multiple series have been issued under the Programme) or such Carbon ETC Securities;

(ii) any legal fees and disbursements relating to such Carbon ETC Securities payable to the legal advisers and other professional advisers in Jersey to the Issuer and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (subject to the prior written approval of the Programme Administrator prior to the occurrence of a Programme Administrator Bankruptcy Event);

(iii) any legal fees and disbursements relating to such Carbon ETC Securities payable to the legal advisers and other professional advisers to the Programme Administrator and/or any other legal advisers and any other professional advisers properly appointed by the Programme Administrator;

(iv) any fees payable to any Relevant Stock Exchange in respect of the listing of the Carbon ETC Securities on such Relevant Stock Exchange;

(v) all annual confirmation statement fees in Jersey from the date hereof until the Issuer is dissolved and its name removed from the Companies Registry of the Jersey Financial Services Commission (or the relevant portion of such fees in respect of such Series of Carbon ETC Securities, where multiple series have been issued under the Programme); and

(vi) any other fee, cost, tax, charge, expense or disbursement which in the reasonable opinion of the Programme Administrator were properly incurred by the Issuer in relation to the Programme (or the relevant portion of such fees costs, taxes, charges, expenses or disbursements in respect of such Series of Carbon ETC Securities, where multiple series have been issued under the Programme) or in relation to the issue of the Carbon ETC Securities, in each case, which is not to be reimbursed by any other person.

"**Settlement Disruption Event**" has the meaning given to it in Condition 8(a).

"**Settlement Long-Stop Date**" means the 2nd Business Day following the last day of the relevant Redemption Disposal Period.

"**Specified Currency**" means, in relation to the relevant Series of Carbon ETC Securities, the euro.

"**specified office**" means, in relation to any Agent, the office identified in respect of such Agent in the Issue Deed or any other office approved by the Trustee and notified to Securityholders in accordance with Condition 17.

"**Subscription Order**" means a request from an Authorised Participant for the Issuer to issue and sell to it Carbon ETC Securities in the number specified in such request, delivered in accordance with the relevant Authorised Participant Agreement.

"**Subscription Settlement Amount**" means, in respect of a subscription for Carbon ETC Securities and the related Subscription Settlement Date, a number of Allowance(s) validated by the Issuing Agent as being equal to the product of (i) the Allowance(s) Entitlement per Carbon ETC Security in respect of the relevant Subscription Trade Date and (ii) the aggregate number of Carbon ETC Securities to be issued pursuant to such Subscription Order, such total rounded up to the nearest whole number.

"**Subscription Settlement Date**" means, subject to the relevant Authorised Participant Agreement, such date after the Subscription Trade Date as separately agreed between the Issuer, the relevant Authorised Participant, the Programme Administrator and the Issuing Agent.

"**Subscription Trade Date**" means, subject to the relevant Authorised Participant Agreement, a Business Day on which a Subscription Order delivered by the relevant Authorised Participant is determined to be valid and accepted by the Issuing Agent on behalf of the Issuer in accordance with the terms of the relevant Authorised Participant Agreement.

"**Subsequent Agreement**" has the meaning given to it in the relevant Carbon Counterparty Agreement, being where the Issuer, the Programme Administrator, the Carbon Counterparty and the Carbon Accounts Administrator agree that the relevant Product Fee Allowance(s) can still be sold by the Issuer and purchased by the Carbon Counterparty on the relevant date where a Disruption Event is subsisting such that the relevant day is not a Valuation Day.

"**Substituted Obligor**" has the meaning given to it in Condition 14(c).

"**Successor Price Source**" has the meaning given to it in Condition 9(a).

"**Successor Reference Rate**" has the meaning given to it in Condition 9(a).

"**Suspension Event**" means in respect of a Series, that (i) the Issuer has delivered a notice in writing to the Determination Agent, the Issuing Agent and each Authorised Participant (copied to each other Transaction Party) stating that with effect from the date specified in such notice, subscriptions of the Carbon ETC Securities of such Series shall be suspended; and (ii) the effective date of such suspension has occurred, provided that the effective date of any such suspension so specified shall be a day not earlier than the Business Day following the date of such notice.

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro.

"**Tax**" means any present or future tax, duty, assessment or charge in the nature of tax (including, without limitation, any tax on income, profits, gains, net wealth, asset values or turnover, VAT, UK VAT, Jersey GST, stamp duty, stamp duty reserve tax, excise, severance, sales, use, transfer, documentary, recording tax or duty or any other similar tax, duty or charge) imposed, levied, collected, withheld or assessed by any government, applicable tax authority or jurisdiction.

"**Termination Event Redemption Event**" has the meaning given to it in Condition 7(d)(vi).

"**Termination Event Redemption Notice**" has the meaning given to it in Condition 7(d)(vi).

"**Theft Redemption Event**" has the meaning given to it in Condition 7(d)(viii).

"**Theft Redemption Event Notice**" has the meaning given to it in Condition 7(d)(viii).

"**Tranche**" means, in relation to Carbon ETC Securities of a Series, the Carbon ETC Securities of that Series that are issued on the same Tranche Issue Date at the same Issue Price per Carbon ETC Security and that have the same ISIN or other securities identifier.

"**Tranche Issue Date**" means the issue date of the relevant Tranche of Carbon ETC Securities, being in respect of this Tranche [*To be specified in Final Terms* – [●]].

"**Transaction Document**" means, in respect of a Series, each of the Issue Deed, the Trust Deed, each Security Document, the Administration Services Agreement, the Agency Agreement, the Determination Agent Agreement, the Programme Administrator Agreement, the Carbon Accounts Administrator Agreement, the Carbon Counterparty Agreement, the Custody Agreement and each Authorised Participant Agreement in each case as amended, supplemented, novated and/or replaced from time to time, and in each case only to the extent that it relates to Carbon ETC Securities of this Series, and "**Transaction Documents**" means all such documents.

"**Transaction Party**" means a party to a Transaction Document (other than the Issuer) save that where the Conditions require notification to each Transaction Party this shall not include any Authorised Participant.

"**Trust Deed**" means, in respect of a Series, the trust deed relating to such Series of Carbon ETC Securities entered into as a deed by the Issuer, the Trustee and any other parties thereto by the execution of the Issue Deed and in the form of the relevant Master Trust Terms (as amended and/or supplemented by the Issue Deed) and as such Trust Deed is amended, supplemented, novated or replaced from time to time.

"**Trustee**" means Apex Corporate Trustees (UK) Limited and any successor or replacement thereto.

"**Trustee Bankruptcy Event**" means the Trustee becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation.

"**UK VAT**" means any value added tax imposed by the UK Value Added Tax Act 1994.

"**Underlying Allowance(s)**" means all Allowance(s) recorded and identified in the relevant Series Carbon Account in respect of a relevant Series of Carbon ETC Securities which for the avoidance of doubt, shall include any Allowance(s) recorded and identified in the relevant Series Carbon Account in respect of a relevant Series of Carbon ETC Securities prior to the issuance and settlement of the corresponding Carbon ETC Securities in respect of such Series.

"**Union Registry**" means the registry referred to as the "Community registry" in Article 19(1) of the EU ETS Directive.

"**Valuation Day**" means each Scheduled Valuation Day other than a Scheduled Valuation Day on which any of the below is satisfied:

(i) a Disruption Event Notice has been delivered on such date pursuant to an Allowance(s) Reference Price Source Disruption;

(ii) a Disruption Event Notice has been delivered on such date pursuant to a Force Majeure Disruption Event; or

(iii) a Disruption Event Notice has been delivered on such date pursuant to an Emissions Disruption Event.

"**Value per Carbon ETC Security**" has the meaning given to it in Condition 4(c).

"**Value per Carbon ETC Security Threshold Level**" has the meaning given to it in Condition 7(d)(iii)

"**Value per Carbon ETC Security Threshold Level Notice**" has the meaning given to it in Condition 7(d)(iii).

"**Value per Carbon ETC Security Threshold Redemption Event**" has the meaning given to it in Condition 7(d)(iii).

"**VAT**" means, within the European Union, value added tax chargeable in accordance with (but subject to derogations from) Council Directive 2006/112/EC and any other tax of a similar fiscal nature and any similar tax charged from time to time in substitution for or in addition to any of the above (excluding UK VAT and Jersey GST).

"**VAT Redemption Event**" has the meaning given to it in Condition 7(d)(v).

"**VAT Redemption Event Notice**" has the meaning given to it in Condition 7(d)(v).

"**Weekday**" means each of Monday, Tuesday, Wednesday, Thursday and Friday.

2 Form and Title

The [*Full description of the Carbon ETC Securities to be specified in Final Terms*] (and, for the avoidance of doubt, includes all Tranches of such Series whenever issued) (the "**Carbon ETC Securities**") are issued in bearer form. The Carbon ETC Securities will be represented by a Global Security in [*To be specified in Final Terms* – [NGN][CGN]] form and will be capable of being held via the Relevant Clearing System(s). The Global Security will not be exchangeable for individual definitive bearer securities.

Title to the Global Security shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Carbon ETC Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder. In the Conditions, "**Securityholder**" and "**holder**" means the bearer of any Bearer Security of this Series.

Each of the persons shown in the records of the Relevant Clearing System as the holder of a Carbon ETC Security represented by a Global Security must look solely to such Relevant Clearing System for their share of each payment made by the Issuer to the bearer of such Global Security, and in relation to all other rights arising under the Global Securities, subject to and in accordance with the respective rules and procedures of such Relevant Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Carbon ETC Securities or so long as the Carbon ETC Securities are represented by such Global Security, and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security, in respect of each amount so paid.

3 Constitution and Status

This Series of Carbon ETC Securities is constituted by the Trust Deed for this Series and secured by each Security Document for this Series. The Carbon ETC Securities are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 5 and recourse in respect of which is limited in the manner described in Condition 5(g) and Condition 13. The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed for this Series and are deemed to have notice of those provisions applicable to them of the Agency Agreement and each Security Document in respect of this Series.

A minimum subscription amount of EUR 100,000 (or fiat currency equivalent) shall apply in respect of a purchaser for each Tranche of Carbon ETC Securities and Carbon ETC Securities issued under the Programme shall have an initial Issue Price per Carbon ETC Security as at the Series Issue Date in excess of EUR 1,000.

4 Allowance(s) Entitlement per Carbon ETC Security and Value per Carbon ETC Security

For the purposes of this Condition 4, the following terms have the meanings as set out below:

"**Allowance(s) Reference Price**" means, in respect of a Scheduled Valuation Day, the end of day price determined by the Determination Agent (and notified by the Determination Agent to the Issuer, the Carbon Counterparty and the Programme Administrator) by reference to the Allowance(s) Reference Price Source.

"**Allowance(s) Reference Price Source**" means, in respect of Carbon ETC Securities where the Allowance Type is EUAs, EEX EUA Spot (which is provided by EEX or such successor or replacement who administers EEX EUA Spot, and published on https://www.eex.com/en/market-data/environmentals/spot from time to time).

"**Day Count Fraction**" means, in respect of a Valuation Day, an amount equal to:

(i) the number of calendar days from (and including) the immediately preceding Valuation Day to (but excluding) the relevant Valuation Day; divided by

(ii) 360.

"**EEX**" means European Energy Exchange AG.

"**EEX Trading Day**" means a day (other than a Saturday or Sunday) on which the EEX is open for general business.

"**Maximum Product Fee Percentage**" has the meaning given to it in the Final Terms.

"**Product Fee Deduction Factor**" is an amount calculated by the Determination Agent equal to:

(i) one; minus

(ii) the Product Fee Percentage multiplied by the Day Count Fraction.

"**Product Fee Percentage**" means the Maximum Product Fee Percentage specified in the Final Terms, or such lower percentage as may be determined by the Programme Administrator and notified to the Issuer, the Transaction Parties and the Securityholders from time to time, provided that the Issuer shall procure (and the Programme Administrator has agreed) that Securityholders shall be given not less than 30 calendar days' prior notice in accordance with Condition 17 of any increase to the Product Fee Percentage. If the scheduled day notified for any change to the Product Fee Percentage is not a Valuation Day, the change to the Product Fee Percentage shall take effect on the first following Valuation Day. The current Product Fee Percentage and any proposed change to the Product Fee Percentage shall be published on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website as may be notified to Securityholders in accordance with Condition 17 from time to time). For information purposes, the Product Fee Percentage as at the relevant Tranche Issue Date shall be specified in the Final Terms of that Tranche.

(a) ***Determination of Allowance(s) Entitlement per Carbon ETC Security and Value per Carbon ETC Security***

The Determination Agent shall calculate the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security in respect of each Valuation Day.

(b) ***Allowance(s) Entitlement per Carbon ETC Security***

The "**Allowance(s) Entitlement per Carbon ETC Security**" in respect of a Valuation Day shall be an amount per Carbon ETC Security determined by the Determination Agent as follows:

(i) if the Valuation Day is the Series Issue Date, the Allowance(s) Entitlement per Carbon ETC Security in respect of the Series Issue Date shall be equal to the Initial Allowance(s) Entitlement per Carbon ETC Security; and

(ii) in relation to any other Valuation Day, the Allowance(s) Entitlement per Carbon ETC Security in respect of such Valuation Day shall be an amount calculated by the Determination Agent equal to:

(A) the Allowance(s) Entitlement per Carbon ETC Security in respect of the immediately preceding Valuation Day; multiplied by

(B) the Product Fee Deduction Factor.

For illustration purposes only, a formulaic expression of the determination of Allowance(s) Entitlement per Carbon ETC Security is set out below:

$$E_t = E_{t-1} \times (1 - [PFP_t \times YF_t])$$

Where:

"**E**" means, in respect of a Valuation Day (t), the Allowance(s) Entitlement per Carbon ETC Security in respect of that Valuation Day;

"**PFP**" means, in respect of a Valuation Day (t), the Product Fee Percentage for that Valuation Day; and

"**YF**" or "**Yield Factor**" means, in respect of a Valuation Day (t), an amount equal to:

(i) the number of calendar days from (but excluding) the immediately preceding Valuation Day to (and including) that Valuation Day; divided by

(ii) 360.

(c) ***Value per Carbon ETC Security***

The "**Value per Carbon ETC Security**" in respect of a Valuation Day shall be an amount per Carbon ETC Security expressed in the Specified Currency and determined by the Determination Agent as being equal to:

(i) the Allowance(s) Entitlement per Carbon ETC Security in respect of the relevant Valuation Day; multiplied by

(ii) the Allowance(s) Reference Price in respect of the relevant Valuation Day.

The Issue Price per Carbon ETC Security in respect of a Tranche of the Carbon ETC Securities of that Series issued after the Series Issue Date shall be equal to the Value per Carbon ETC Security as of the relevant Tranche Issue Date.

For illustration purposes only, a formulaic expression of the determination of Value per Carbon ETC Security is set out below:

$$VpS_t = E_t \times M_t$$

Where:

"**VpS**" means, in respect of a Valuation Day, the Value per Carbon ETC Security in respect of that Valuation Day;

"**E**" means, in respect of a Valuation Day (t), Allowance(s) Entitlement per Carbon ETC Security in respect of that Valuation Day; and

"**M**" means, in respect of a Valuation Day (t), the relevant Allowance(s) Reference Price on that Valuation Day.

(d) ***Rounding***

The Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security and any term, value, formula or other input (direct or indirect) necessary to determine the Allowance(s) Entitlement per Carbon ETC Security or the Value per Carbon ETC Security may be rounded to such number of decimal places as may be provided for by the Programme Administrator and such methodology may be adjusted from time to time provided that the Programme Administrator reasonably determines, in its opinion, that such change of methodology would not be materially prejudicial to Securityholders.

The number of Allowance(s) which are sold for the purposes of satisfying the relevant product fee (such number determined by the Determination Agent pursuant to the Determination Agent Agreement, the "**Product Fee Allowance(s)**") may be rounded on such rounding basis as may be agreed between the Determination Agent and the Programme Administrator from time to time, in accordance with clause 5.6 (*Rounding*) of the Carbon Counterparty Agreement. Any Carry-Over Product Fee Allowance(s) are, without double-counting, added and included in the Product Fee Allowance(s). The difference in sale proceeds between the number of Product Fee Allowance(s) calculated on such rounded basis and the number of Product Fee Allowance(s) that would have applied had such rounding basis not applied is carried forward and taken into account in the calculation for Product Fee Allowance(s) in respect of the next relevant date for sale of Product Fee Allowance(s).

(e) ***Corrections***

If, following the determination of the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security in respect of any Valuation Day, the Programme Administrator subsequently determines or it comes to its attention that such value was incorrectly determined, the Issuer may adjust any relevant terms of the Carbon ETC Securities to account for a correction thereof but provided that, whilst it may do so in its discretion, the Issuer shall not be required to make any such correction where it determines that such correction would not result in a material change to the Allowance(s) Entitlement per Carbon ETC Security or Value per Carbon ETC Security. The Issuer shall give notice to Securityholders of any such adjustments made pursuant to this Condition 4(e) as soon as reasonably practicable in accordance with Condition 17.

(f) ***Sale and Purchase of Product Fee Allowance(s)***

(i) Sales and purchases of Product Fee Allowance(s) by the Issuer to the Carbon Counterparty will take place on the 1st day of each month (or such other day as may be agreed between the Programme Administrator and the Carbon Counterparty), save that if such day is not a Valuation Day, such sale and purchase shall, subject to a Subsequent Agreement pursuant to clause 5.7.1(ii) (*No Purchases of Product Fee Allowance(s) on a Disrupted Day*) of the relevant Carbon Counterparty Agreement, take place on the next following Valuation Day. Any such sale and purchase shall be effected in accordance with the relevant Carbon Counterparty Agreement including, *inter alia*, in respect of any volume threshold requirement(s) agreed between the Programme Administrator and the Carbon Counterparty

from time to time, the relevant price for such Product Fee Allowance(s), the fees, taxes and expenses the Carbon Counterparty may deduct, any postponement in the settlement of the sale and purchase of such Product Fee Allowance(s) due to the occurrence of Disruption Events and/or the occurrence of other events (including certain early redemption events) specified and agreed pursuant to clause 5.7.4 (*No obligation to accept offer of sale or purchase in certain circumstances*) of the relevant Carbon Counterparty Agreement (including, *inter alia*, a Carbon CP Illegality Event notified by the Carbon Counterparty) affecting or preventing the offer, sale and purchase and settlement of Product Fee Allowance(s).

(ii) Pursuant to the terms of each Security Document (including, without limitation, clause 2.2 (*Secured Property as continuing Security*) of the relevant English Law Security Deed) , clause 2.2 (*Secured Property as continuing Security*) of the relevant Jersey Law Security Interest Agreement and clause 2.2 (*Secured Property as continuing Security*) of the relevant Luxembourg Law Pledge Agreement), the Security described in Condition 5(a) shall automatically be released without further action on the part of the Trustee to the extent necessary to effect each sale of the relevant number of Product Fee Allowance(s) (such release taking place at the time of delivery of such Product Fee Allowance(s) by the Custodian on the corresponding settlement date, following receipt of the corresponding net sale proceeds for such Product Fee Allowance(s) by the Issuer in accordance with the relevant Carbon Counterparty Agreement); provided that nothing in this Condition 4(f)(ii) shall operate to release the charges and other security interests over the proceeds of each sale of such Product Fee Allowance(s) (including any Carry-Over Product Fee Allowance(s)).

5 Security

(a) ***Security***

(i) The Secured Issuer Obligations are secured in favour of the Trustee for the benefit of itself and as trustee for the other Secured Creditors, pursuant to the Security Documents in respect of the relevant Series of Carbon ETC Securities, by:

Luxembourg law security

(A) a first ranking right of pledge under Luxembourg law over: (a) all of the Issuer's claim, rights, title, interest and benefit (including all income, payments, proceeds, revenues, products, property, sum received, receivable or otherwise distributed) present and future against the Custodian under the Custody Agreement in respect of the relevant Series of Carbon ETC Securities and (b) any present and future assets, rights, claims and distributions (including all income, payments, interest, proceeds, revenues, title, benefits, products, property, sum received, receivable or otherwise distributed) the Issuer has or will have in relation to any cash or financial instruments accounts opened by the Issuer with the Custodian in respect of the relevant Series of Carbon ETC Securities, including, for the avoidance of doubt, securities (including any securities and similar instruments (i) credited, by way of book entry (*inscription en compte*), or as otherwise deposited or held, in each case without specification of numbers or other individual identification elements, on a fungible basis or (ii) otherwise registered and/or referenced and/or referred to in the account or the Custodian's books and/or held in any other manner by the Custodian for the account of the Issuer on a contractual basis or otherwise (including as a nominee)), cash and other rights and the property held therein or credited thereto;

Jersey law security

(B) a first priority security interest under Jersey law over present and future:

(i) Series Cash Account(s);

(ii) all rights, title and interest of the Issuer in or pursuant to the Administration Services Agreement, to the extent such rights, title and interest relate (directly or indirectly) to the Series Cash Account(s) of the relevant Series (the "**Administration Services Agreement Rights**"); and

(iii) any proceeds (as defined in the Security Interests (Jersey) Law 2012) derived directly or indirectly from a dealing with the Series Cash Account(s) or the Administration Services Agreement Rights or from a dealing with the proceeds of the Series Cash Account(s) or the Administration Services Agreement Rights,

in each case, to the extent that it relates to the relevant Series of Carbon ETC Securities; and

English law security

(C) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future in, to and under the Carbon Counterparty Agreement, the Agency Agreement, the Determination Agent Agreement, the Carbon Accounts Administrator Agreement, the Programme Administrator Agreement and any Authorised Participant Agreement (including any Authorised Participant Agreement entered into after the Series Issue Date or a Tranche Issue Date in respect of a Series), but in each case only to the extent that it relates to the relevant Series of Carbon ETC Securities.

(ii) The Security is granted to the Trustee for the benefit of itself and as trustee for the other Secured Creditors as continuing security for the Secured Issuer Obligations relating to the relevant Series of Carbon ETC Securities. In accordance with each Security Document, prior to any enforcement of the Security, the Trustee shall be deemed to release from such Security without the need for any action, notice or other formalities (without double-counting):

(A) any sum (including Series Overheads) and/or Allowance(s) held by the Issuer (including any Allowance(s) held by the Custodian on the Issuer's behalf, which shall be construed to include the Issuer's rights over any such Allowance(s)), any Paying Agent or any person, as applicable, to the extent such sums or Allowance(s) (as applicable) are required for, and at the time of, payment of any sum or delivery of any Allowance(s) (as applicable) in respect of the relevant Series of Carbon ETC Securities and/or under the Transaction Documents (which for the avoidance of doubt shall include, without limitation, amounts payable (including in respect of Principal) to Securityholders in accordance with these Conditions, the relevant Product Fee Allowance(s) (including any Carry-Over Product Fee Allowance(s)) and Allowance(s) which the Issuer is required to deliver to the Carbon Counterparty pursuant to the Carbon Counterparty Agreement, the relevant Allowance(s) which the Issuer is required to deliver to Authorised Participants in respect of any buy-back or cancellation of a subscription order or settlement failure and any net sale proceeds of Product Fee Allowance(s) (which fund the Product Fee) payable by the Issuer to the Programme Administrator pursuant to the Programme Administrator Agreement in respect of the relevant Series of Carbon ETC Securities) and, upon certification by the Programme Administrator from time to time that there are sums standing to the credit of the Series Cash Account that are in excess (as reasonably determined by the Programme

Administrator) of what the Issuer requires at that time to meet (I) the Series Overheads and (II) (without double-counting) any fees, costs and expenses payable by (or on behalf of) the Issuer in relation to Carbon ETC Securities of such Series to the Trustee, Agents (other than the Carbon Counterparty), Carbon Accounts Administrator, Programme Administrator (including, for the avoidance of doubt, the fees payable to the Programme Administrator pursuant to clause 4.1 (*Product Fees*) of the Programme Administrator Agreement), Corporate Services Provider or any other Transaction Party pursuant to, or in connection with, the Transaction Documents in relation to any Carbon ETC Securities, but excluding any expenses payable to the Corporate Services Provider under the fee side letter between the Programme Administrator, the Issuer and the Corporate Services Provider dated on or about 15 November 2023 in respect of excess liquidation costs, in each case, of that Series of Carbon ETC Securities as they stand at such time, such excess sums shall be released from the Series Cash Account, and thereby from the Security, to such other cash account of the Issuer as may be nominated or directed by the Issuer (which other cash account shall not form part of the assets to which the relevant Series of Carbon ETC Securities has recourse);

(B) any part of the Secured Property that has become payable or deliverable only to the extent required to comply with and subject to the provisions of Conditions 5(d) (*Sale and Purchase of Underlying Allowance(s) following an Early Redemption Valuation Date or Final Redemption Valuation Date*), 5(g) (*Limited Recourse and Shortfall after Application of Proceeds*) and 5(h) (*Issuer's Rights as Beneficial Owner of Secured Property*), and with such release taking place at the time of such due payment or delivery;

(C) its rights in relation to any Authorised Participant Agreement only to the extent required to assign any benefit to the Programme Administrator if the Programme Administrator has made payment and/or delivery to or to the order or for the benefit of the Issuer of payments and/or deliveries that an Authorised Participant was required but has failed to make, and with such release taking place at the time of such assignment;

(D) a *pro rata* amount of the Secured Property as required and selected for, and at the time of, the purchase and cancellation of any Carbon ETC Securities by the Issuer; and

(E) in respect of any Allowance(s) which have been transferred to the Series Carbon Account following which the related Carbon ETC Securities in respect of such Allowance(s) fail to settle on or before the 5th Business Day following the Original Series Issue Date (as defined in the relevant Authorised Participant Agreement and in respect of an initial issuance of a Series of Carbon ETC Securities) or original Subscription Settlement Date (in respect of any subsequent Tranche of the Carbon ETC Securities issued after the Series Issue Date in respect of a Series) (as applicable and as defined in, and in accordance with, the relevant Authorised Participant Agreement) due to a failure by the Issuer to cause the relevant Carbon ETC Securities to be issued and settled or due to a failure by the relevant Authorised Participant to deliver the Subscription Settlement Amount in full, any part of the Secured Property relating to such Allowance(s) that has become re-deliverable to the corresponding Seed Authorised Participant or Authorised Participant (as applicable and as defined in the relevant Authorised Participant Agreement) following cancellation of the corresponding subscription order, with such release taking place at the time of such due delivery.

(b) ***Money Received by the Trustee Prior to Enforcement of Security***

(i) *Issuer covenant to pay or deliver*

Pursuant to the terms of the Trust Deed, the Issuer agrees, on any date on which a payment of Principal (or any other amount) payable and/or assets deliverable in respect of any Carbon ETC Securities of the Series becomes due in accordance with these Conditions, unconditionally to pay (or procure to be paid) or deliver (or procure to be delivered), as applicable, to or to the order of the Trustee (A) in the Specified Currency and in same day funds in a city in which banks have access to T2, in accordance with the relevant Trust Deed, the Final Redemption Amount or Early Redemption Amount or such other amount and/or (B) the assets deliverable, as applicable, in respect of the Carbon ETC Securities which is due and payable or deliverable (as applicable) on that date.

Notwithstanding anything to the contrary in these Conditions or the Trust Deed, (1) payment of Principal or any other amount (as applicable) due under the Carbon ETC Securities pursuant to the Conditions made to the relevant Paying Agent in accordance with the terms of the relevant Agency Agreement shall, to that extent, satisfy the Issuer's obligation to make payments of the relevant amount in respect of the Carbon ETC Securities to the Trustee for the account of the Securityholders except to the extent that there is failure by such Paying Agent to pass such payment to the relevant Securityholders (whether via payment through the Relevant Clearing System or otherwise) and (2) a payment of Principal or any other amount made after the due date for such payment or as a result of the Carbon ETC Securities becoming repayable following an Event of Default or the occurrence of any other Early Redemption Event shall be deemed to have been made when the full amount due has been received by a relevant Paying Agent or the Trustee and notice to that effect has been given to the Securityholders, except to the extent that there is failure by such Paying Agent to pass such payment to the relevant Securityholders (whether via payment through the Relevant Clearing System or otherwise).

Under the terms of the Trust Deed, the Trustee holds the benefit of this covenant on trust for itself and the Securityholders according to their respective interests.

(ii) *Application of proceeds prior to sale and prior to enforcement*

Save for any moneys and/or assets received in connection with the sale or enforcement of all or part of the Security relating to the relevant Series of Carbon ETC Securities constituted by or pursuant to the relevant Security Documents, all moneys and/or assets received by or on behalf of the Trustee in relation to the Issuer's covenant to pay Principal or any other amount payable in respect of that Series pursuant to Condition 5(b)(i) (*Issuer covenant to pay or deliver*) shall, despite any appropriation of all or part of them by the Issuer, be held by the Trustee on trust to apply them, subject to Conditions 19(jj) (*Accumulation of Moneys*) and 19(kk) (*Investment*):

(A) first, to the extent not already paid to the Trustee on behalf of the Issuer by the Programme Administrator pursuant to the costs arrangements set out in clause 4.1 (*Product Fees*) of the Programme Administrator Agreement, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable to the Trustee or any receiver under or pursuant to the Security Documents and/or the Trust Deed and/or any other Transaction Document (including, without limitation, any Taxes required to be paid by the Trustee in connection with the performance of its obligations under the Trust Deed and/or the Security Documents and/or the other Transaction Documents and the Trustee's remuneration (other than any income, corporation or similar tax in respect of the Trustee's remuneration);

(B) secondly, in payment or satisfaction of any amounts owing to the holders of Carbon ETC Securities of the relevant Series of Carbon ETC Securities *pari passu* and rateably; and

(C) thirdly, in payment or delivery of any balance to the Issuer for itself.

If the Trustee holds any moneys and/or assets in respect of the relevant Series of Carbon ETC Securities that have become void or in respect of which claims have become prescribed, the Trustee will hold them on the trusts described above.

(c) ***Application of Proceeds of Enforcement of Security***

Pursuant to the terms of each Security Document, subject to Condition 5(d)(ii) (*Application of Proceeds Prior to Enforcement*), and Conditions 19(jj) and 19(kk), the Trustee shall apply the proceeds derived from the realisation of the Secured Property by way of enforcement (including any net sale proceeds from any transaction(s) entered into in connection with the sale and purchase of the relevant Allowance(s) in respect of which a Price Confirmation Notice (as defined in the relevant Carbon Counterparty Agreement) was delivered on or prior to the date the Enforcement Notice was given, such transaction(s) to be settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement) and after taking account of any Taxes incurred, withheld or deducted by or on behalf of the Issuer as follows (without double-counting):

(i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable to the Trustee or any receiver under or pursuant to the Security Documents and/or the Trust Deed and/or any other Transaction Document (including, without limitation, any Taxes required to be paid by the Trustee in connection with the performance of its obligations under the Trust Deed and/or the Security Documents and/or the other Transaction Documents, the costs of enforcing or realising all or some of the Security and the Trustee's remuneration (other than any income, corporation or similar tax in respect of the Trustee's remuneration));

(ii) secondly, in payment or satisfaction of the Issuer Series Fees and Expenses in respect of the Carbon ETC Securities;

(iii) thirdly, in payment of any amounts owing to any Paying Agent for reimbursement in respect of proper payment of Principal made to the relevant holders of Carbon ETC Securities;

(iv) fourthly, on a *pari passu* basis, in payment of any fees, expenses or other amounts due to (I) the Issuing Agent and any other Paying Agent(s) pursuant to the Agency Agreement, (II) the Determination Agent and the Programme Administrator pursuant to the Determination Agent Agreement and Programme Administrator Agreement (including, for the avoidance of doubt, the fees payable to the Programme Administrator pursuant to Clause 4.1 (*Product Fees*) of the Programme Administrator Agreement), respectively, (III) any Authorised Participant under an Authorised Participant Agreement, (IV) the Corporate Services Provider pursuant to the Administration Services Agreement, (V) the Carbon Accounts Administrator pursuant to the Carbon Accounts Administrator Agreement and/or the Custody Agreement and (VI) the Custodian pursuant to the Custody Agreement, in each case to the extent they relate to the relevant Series of Carbon ETC Securities and where such fees, expenses or other amounts are payable by (or on behalf of) the Issuer in relation to such Series, but excluding any expenses payable to the Corporate Services Provider under the fee side letter between the Programme Administrator, the Issuer and the Corporate Services Provider dated on or about 15 November 2023 in respect of excess liquidation costs;

(v) fifthly, in payment of any amounts owing to the Securityholders by the Issuer *pari passu* and rateably; and

(vi) sixthly, in payment of the balance (if any) to the Issuer.

(d) ***Sale and Purchase of Underlying Allowance(s) following an Early Redemption Valuation Date or Final Redemption Valuation Date***

(i) *Sale and Purchase of Underlying Allowance(s)*

(A) Following receipt of notice of the Early Redemption Valuation Date or the Final Redemption Valuation Date (such dates subject to postponement pursuant to Condition 8(c) (*Postponement of Final Redemption Valuation Date or Early Redemption Valuation Date and Payment of Final Redemption Amount or Early Redemption Amount*)), the Determination Agent shall, pursuant to clause 2.4.8 of the relevant Determination Agent Agreement and on a day prior to the first day of the related Redemption Disposal Period and by the time separately agreed between the Programme Administrator, the Determination Agent and the Carbon Counterparty, notify the Issuer (copied to the Programme Administrator) of the Allowance(s) Sale Request Details. Following receipt of such notice containing the Allowance(s) Sale Request Details, the Issuer shall, on the same day, deliver an Allowance(s) Sale Request Notice containing the Allowance(s) Sale Request Details to the Carbon Counterparty (with a copy to the Determination Agent and the Programme Administrator) by the time separately agreed between the Programme Administrator, the Issuer and the Carbon Counterparty, notifying the Carbon Counterparty that the Issuer wishes to sell the relevant Underlying Allowance(s) to the Carbon Counterparty. Subject to Condition 8(d)(i) (*No obligation to accept offer of sale in certain circumstances*), the Carbon Counterparty shall immediately accept such offer of a sale of Allowance(s) from the Issuer on the day it receives the corresponding Allowance(s) Sale Request Notice.

(B) Subject to Condition 8(d) (*Disruption Events in respect of the sale and purchase of Allowance(s)*) and following the Carbon Counterparty's acceptance of an offer of a sale of Allowance(s) from the Issuer, the Carbon Counterparty shall purchase the relevant Underlying Allowance(s) relating to the corresponding Allowance(s) Sale Request Notice from the Issuer on any Business Day during the Redemption Disposal Period and may do so in one transaction or in multiple transactions, provided that the Carbon Counterparty purchases all Underlying Allowance(s) specified in the Allowance(s) Sale Request Notice (which is accepted by it) by the end of the last day of the Redemption Disposal Period. The Carbon Counterparty shall, as soon as reasonably practicable by 12pm (London time) on each Business Day that any Underlying Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty during the Redemption Disposal Period, deliver a Price Confirmation Notice to the Issuer.

(C) Subject to Condition 8(d) (*Disruption Events in respect of the sale and purchase of Allowance(s)*), settlement of the relevant Confirmed Underlying Allowance(s) relating to each corresponding Price Confirmation Notice shall occur on a delivery free of payment basis by (I) transfer of the relevant number of Confirmed Underlying Allowance(s) (such transfer procured by the Carbon Accounts Administrator on behalf of the Issuer) to the Carbon Counterparty's specified carbon account on the date the Price Confirmation Notice is received by the Carbon Accounts Administrator and (II) following receipt of the relevant number of Confirmed Underlying Allowance(s), immediate payment of the Net Sale Proceeds for such Confirmed Underlying Allowance(s) by the Carbon Counterparty into the Issuer's Series Cash Account such that the relevant Net Sale Proceeds are received by the Issuer on or prior to 6pm (London time) on the specified Relevant Underlying Allowance(s) Payment Date, in

accordance with clause 4.2.5 (*Settlement*) of the relevant Carbon Counterparty Agreement.

In respect of a settlement, if the transfer of the relevant number of Confirmed Underlying Allowance(s) from the Series Carbon Account to the Carbon Counterparty's specified carbon account fails, the consequences set out in Condition 8(d)(iii) (*No Settlement of Underlying Allowance(s) on a Disrupted Day*) relating to a Disruption Event (which, for the avoidance of doubt, includes a Failure to Deliver) shall apply.

In respect of a settlement, if the relevant number of Confirmed Underlying Allowance(s) have been transferred to the Carbon Counterparty's specified carbon account but the Carbon Counterparty fails to transfer the corresponding relevant Net Sale Proceeds to the Issuer in accordance with clause 4.2.5 (*Settlement*) of the relevant Carbon Counterparty Agreement for any reason, (x) the Carbon Counterparty shall return to the Issuer the same number of Confirmed Underlying Allowance(s) that have been transferred to it in respect of such transaction by no later than 6pm (London time) on the Business Day following the Relevant Underlying Allowance(s) Payment Date and (y) the Programme Administrator, the Issuer and the Carbon Counterparty shall discuss (and shall notify the Carbon Accounts Administrator and the Custodian accordingly) with the aim of attempting re-settlement of such sale and purchase transaction on the terms agreed at such time (provided that payment in respect of such transaction settles on or prior to the Settlement Long-Stop Date). If (I) the Programme Administrator, the Issuer and the Carbon Counterparty fail to agree on the terms of re-settlement or (II) payment in respect of such transaction fails (or will fail) to settle on or prior to the Settlement Long-Stop Date or (III) the Carbon Counterparty fails to return to the Issuer the relevant number of Confirmed Underlying Allowance(s) by 6pm (London time) on the Business Day following the Relevant Underlying Allowance(s) Payment Date for any reason (including due to the occurrence of a Disruption Event affecting such re-delivery) (in each case, a "**Carbon Counterparty FTP Consequence**"), an Enforcement Event shall occur. For the avoidance of doubt, any Allowance(s) which the Carbon Counterparty does transfer back to the Series Carbon Account pursuant to this paragraph shall form part of the Security again until any subsequent release.

(D) For the purposes of settling a sale and purchase of Confirmed Underlying Allowance(s), the Carbon Accounts Administrator shall, following receipt of a Price Confirmation Notice and without further authorisation or direction from the Issuer or any other party procure (on the Issuer's behalf) delivery of the relevant number of Confirmed Underlying Allowance(s) from the Series Carbon Account to the Carbon Counterparty on the date the Price Confirmation Notice is received by the Carbon Accounts Administrator (provided that the relevant number of Allowance(s) to be transferred does not exceed the aggregate outstanding number of Allowance(s) held in the relevant Series Carbon Account).

(E) Pursuant to the terms of each Security Document, the Security described in Condition 5(a) shall automatically be released without further action on the part of the Trustee only to the extent necessary to effect each sale of the relevant number of Confirmed Underlying Allowance(s) during the Redemption Disposal Period (such release taking place at the time of delivery of such Confirmed Underlying Allowance(s) by the Custodian, on the date the Price Confirmation Notice is received by the Carbon Accounts Administrator); provided that nothing in this Condition 5(d) shall operate to

release the charges and other security interests over the proceeds of the sale of the Underlying Allowance(s).

Notwithstanding the above, or any other term to the contrary and subject to clause 11.7 (*Security Enforcement*) of the relevant Carbon Counterparty Agreement, no notice containing the Allowance(s) Sale Request Details shall be delivered by the Determination Agent and no Allowance(s) Sale Request Notice shall be delivered by the Issuer to the Carbon Counterparty following the occurrence of an Enforcement Event and, upon the Carbon Counterparty becoming aware of the occurrence of an Enforcement Event following the Carbon Counterparty's receipt of an Enforcement Notice from the Trustee, no further purchases of Underlying Allowance(s) by the Carbon Counterparty from the Issuer shall be made during the Redemption Disposal Period, save that any transaction entered into in connection with the sale and purchase of the relevant Underlying Allowance(s) in respect of which a Price Confirmation Notice has been delivered on or prior to the date such Enforcement Notice was given, shall be settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement unless such Enforcement Event occurred due to a Carbon Counterparty FTP Consequence (in which case the relevant parties shall not be required to take such steps and actions to settle such transaction and, for the avoidance of doubt, no further purchase transactions of the relevant Underlying Allowance(s) shall be made during the Redemption Disposal Period).

(F) In respect of each sale and purchase of Confirmed Underlying Allowance(s), the Carbon Counterparty shall be permitted to deduct (i) any withholding tax, stamp duty, transfer taxes, registration taxes or similar duties arising from or connected with such purchase of the relevant number of Confirmed Underlying Allowance(s) from the Relevant Price for such Confirmed Underlying Allowance(s) (to the extent that the Carbon Counterparty is unable to recover, obtain a repayment of or obtain a credit for such tax) and (ii) the Carbon Counterparty's fees and expenses as agreed between the Programme Administrator and the Carbon Counterparty from time to time in respect of such sale of Confirmed Underlying Allowance(s).

(G) Without prejudice to anything in this Condition 5(d)(i), the Carbon Counterparty shall use reasonable efforts to purchase the Underlying Allowance(s) in such a way as to minimise any Taxes which may be charged, withheld or deducted on the sale and purchase thereof which would reduce the net sale proceeds (as compared to the position if no Taxes were due), save that nothing in this Condition 5(d)(i) shall require the Carbon Counterparty to minimise any such Taxes in a manner which would itself reduce the net sale proceeds.

(H) For the avoidance of doubt, the relevant Redemption Disposal Period (and consequently, the sale and purchase of the Underlying Allowance(s) pursuant to this Condition 5(d)(i)) may be postponed following the occurrence of a Disruption Event (as defined in Condition 8(a)) which results in the postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date pursuant to Condition 8(c) (*Postponement of Final Redemption Valuation Date or Early Redemption Valuation Date and Payment of Final Redemption Amount or Early Redemption Amount*).

(ii) *Application of Proceeds Prior to Enforcement*

Prior to the enforcement of the Security constituted under each Security Document, the Issuer (or its agent) shall, in respect of an early redemption of the Carbon ETC Securities,

apply the Aggregate Net Sale Proceeds, after taking account of any Taxes incurred, withheld or deducted by or on behalf of the Issuer, as follows (without double-counting):

(A) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable to the Trustee or any receiver under or pursuant to the Security Documents and/or the Trust Deed and/or any other Transaction Document (including, without limitation, any Taxes required to be paid by the Trustee in connection with the performance of its obligations under the Trust Deed and/or the Security Documents and/or the other Transaction Documents and the Trustee's remuneration (other than any income, corporation or similar tax in respect of the Trustee's remuneration));

(B) secondly, in payment or satisfaction of the Issuer Series Fees and Expenses in respect of the Carbon ETC Securities;

(C) thirdly, in payment of any amounts owing to any Paying Agent for reimbursement in respect of proper payment of Principal made to the relevant holders of Carbon ETC Securities;

(D) fourthly, on a *pari passu* basis, in payment of any fees, expenses or other amounts due to (I) the Issuing Agent and any other Paying Agent(s) pursuant to the Agency Agreement, (II) the Determination Agent and the Programme Administrator pursuant to the Determination Agent Agreement and Programme Administrator Agreement (including, for the avoidance of doubt, the fees payable to the Programme Administrator pursuant to Clause 4.1 (*Product Fees*) of the Programme Administrator Agreement), respectively, (III) any Authorised Participant under an Authorised Participant Agreement, (IV) the Corporate Services Provider pursuant to the Administration Services Agreement, (V) the Carbon Accounts Administrator pursuant to the Carbon Accounts Administrator Agreement and/or the Custody Agreement and (VI) the Custodian pursuant to the Custody Agreement, in each case to the extent they relate to the relevant Series of Carbon ETC Securities and where such fees, expenses or other amounts are payable by (or on behalf of) the Issuer in relation to such Series, but excluding any expenses payable to the Corporate Services Provider under the fee side letter between the Programme Administrator, the Issuer and the Corporate Services Provider dated on or about 15 November 2023 in respect of excess liquidation costs;

(E) fifthly, in payment of any amounts owing to the Securityholders by the Issuer *pari passu* and rateably; and

(F) sixthly, in payment of the balance (if any) to the Issuer.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then following notification from the Carbon Counterparty of such event pursuant to the terms of the relevant Carbon Counterparty Agreement, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner):

(A) satisfaction of (I) the amounts payable pursuant to this Condition 5(d)(ii)(A) to (D) and (II) the Early Redemption Amount pursuant to Condition 7(b) (*Early Redemption Amount*), in each case, in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant parties or the relevant Securityholder(s) (as applicable) (but to the extent any sale and purchase of the

relevant Allowance(s) have been settled, taking into account the Aggregate Net Sale Proceeds received in respect of such Allowance(s)); and

(B) following satisfaction of such amounts payable pursuant to this Condition 5(d)(ii)(A) to (D) and of the Early Redemption Amount pursuant to Condition 7(b) (*Early Redemption Amount*), to the extent the Allowance(s) originally designated as comprising such amounts are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s).

For the avoidance of doubt, no party shall be entitled to any additional payment whether on account of interest or otherwise on the Carbon ETC Securities in the event of such determination by the Programme Administrator pursuant to this Condition.

(e) ***Enforcement of Security Constituted under each Security Document***

The Security over the Secured Property shall become enforceable if (i) payment of Principal in respect of the relevant Series of Carbon ETC Securities is not made in full when due on the Scheduled Maturity Date or the relevant Scheduled Early Redemption Date (if applicable) or (ii) upon the occurrence of a Carbon Counterparty FTP Consequence (in each case, an "**Enforcement Event**").

As soon as reasonably practicable upon the occurrence of an Enforcement Event and prior to taking any steps to enforce the Security in respect of a Series, the Trustee shall give notice in writing to the Issuer and each Transaction Party of the relevant Series of Carbon ETC Securities (such notice, an "**Enforcement Notice**") (i) that the Trustee intends to enforce the Security in respect of a Series, (ii) that the Carbon Accounts Administrator shall act in accordance with clause 5.2 (*Trustee's directions*) of the relevant Carbon Accounts Administrator Agreement; (iii) that the Custodian and Carbon Accounts Administrator shall act in accordance with clause 16 (*Enforcement*) of the relevant Custody Agreement; (iv) that the Determination Agent shall cease to notify the Issuer of Allowance(s) Sale Request Details and the Product Fee Allowance(s) Sale Request Details (as defined in the relevant Carbon Counterparty Agreement), the Issuer shall cease to offer to sell Allowance(s) to the Carbon Counterparty and the Carbon Counterparty shall cease to accept further offers of sale of Allowance(s) (including Product Fee Allowance(s)) from (or delivered on behalf of) the Issuer in respect of the relevant Series of Carbon ETC Securities (except at the Trustee's request or on its instructions pursuant to clause 11.7.1 (*Carbon Counterparty obligations following Security enforcement*) of the relevant Carbon Counterparty Agreement); (v) that the Issuer shall act in accordance with clause 2.26(i) (*Trustee's directions*) of the relevant English Law Security Deed, clause 2.22(i) (*Trustee's directions*) of the relevant Luxembourg Law Pledge Agreement and clause 2.27(i) (*Trustee's directions*) of the relevant Jersey Law Security Interest Agreement and (vi) including a brief description of the relevant Enforcement Event which has occurred, save that any transaction entered into in connection with the sale and purchase of the relevant Allowance(s) in respect of which a Price Confirmation Notice (as defined in the relevant Carbon Counterparty Agreement) has been delivered on or prior to the date such Enforcement Notice was given shall be settled (pursuant to clauses 4.3 (*Delivery of Confirmed Underlying Allowance(s)*) and 5.3 (*Delivery of Product Fee Allowance(s)*) of the relevant Carbon Counterparty Agreement) and the Carbon Counterparty shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto, save that any transaction entered into in connection with the sale and purchase of the relevant Allowance(s) in respect of which a Price Confirmation Notice (as defined under the relevant Carbon Counterparty Agreement) has been delivered on or prior to the date such Enforcement Notice was given shall be settled (pursuant to clauses 4.3 (*Delivery of Confirmed Underlying Allowance(s)*) and 5.3 (*Delivery of Product Fee Allowance(s)*) of the relevant Carbon Counterparty Agreement) and the Carbon Counterparty shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto, unless such Enforcement Event

occurred due to a Carbon Counterparty FTP Consequence (in respect of a sale and purchase transaction of Underlying Allowance(s) for the relevant Redemption Disposal Period, in which case the parties shall not be required to take such steps and actions to settle such transaction). On receipt of such Enforcement Notice, the Issuer shall notify the Securityholders of the same on the day of receipt or in any case, as soon as reasonably practicable.

In the case of Jersey Law Security only, the Security in respect of the Jersey Law Secured Property shall only become enforceable following service of the Enforcement Notice on the Issuer by the Trustee. For the avoidance of doubt, where it is specified in these Conditions or any Transaction Document that either (i) the Issuer receives an Enforcement Notice or (ii) an Enforcement Notice is delivered to the Issuer, this shall be construed as service of the Enforcement Notice on the Issuer for purposes of the Jersey Law Security.

(f) ***Realisation of Security following enforcement***

(i) At any time after the Security has become enforceable, the Trustee may, at its discretion, and shall, if so directed in writing by holders of at least one-fifth in number of the Carbon ETC Securities of the relevant Series then outstanding or by an Extraordinary Resolution of the Securityholders, in each case, subject to it having been indemnified, secured and/or pre-funded to its satisfaction, enforce the Security constituted under each Security Document for the relevant Series.

For the avoidance of doubt, in the case of Jersey Law Security only, the Security in respect of the Jersey Law Secured Property shall only become enforceable once the Enforcement Notice has been served on the Issuer by the Trustee.

(ii) To do this, it may, at its discretion, (A) enforce, terminate and/or realise any relevant Transaction Document (other than the Trust Deed) relating to the Carbon ETC Securities of the relevant Series and any Secured Agent Rights in accordance with its or their terms, and/or take action against the relevant Obligor(s) and/or (B) take possession of and/or realise all or part of the Secured Property relating to the relevant Series of Carbon ETC Securities over which the Security shall have become enforceable and may in its discretion, sell, call in, collect and convert into money all or part of the Secured Property, in such manner and on such terms as it thinks fit (and, in respect of the Luxembourg Law Secured Property, in accordance with the Luxembourg Law Pledge Agreement), in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual Securityholders and the Trustee shall not be obliged or required to take any action or step which may involve it in incurring any personal liability or expense unless pre-funded and/or secured and/or indemnified to its satisfaction.

For purposes of such enforcement, the Trustee may, by notice in writing to the Issuer and the Carbon Counterparty request that the Carbon Counterparty purchases all or any portion of the Underlying Allowance(s) (including any Product Fee Allowance(s)) from the Issuer and the Carbon Counterparty shall consider such request and shall use commercially reasonable efforts acting in good faith to accept a corresponding offer from the Issuer in respect of such sale (on the terms as agreed between the Trustee and the Carbon Counterparty at the time), pursuant to clause 11.7 (*Security Enforcement*) of the relevant Carbon Counterparty Agreement.

(iii) The Trustee may, in writing, appoint a receiver over all or part of the Secured Property relating to the Carbon ETC Securities over which any Security shall have become enforceable and may remove any receiver so appointed and appoint another in its place. No delay or waiver of the right to exercise these powers shall prejudice their future exercise.

(iv) Pursuant to each Security Document, neither the Trustee nor any receiver appointed by it or any attorney or agent of the Trustee will, by reason of taking possession of any Secured Property relating to the relevant Series of Carbon ETC Securities or any other reason and whether or not as mortgagee in possession, be liable to account for anything except actual receipts (including any aggregate net sale proceeds from any transaction(s) entered into in connection with the sale and purchase of the relevant Allowance(s) in respect of which a Price Confirmation Notice (as defined in the relevant Carbon Counterparty Agreement) was delivered on or prior to the date the Enforcement Notice was given, such transaction to be settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement) or be liable for any loss or damage arising from the realisation of such Secured Property or from any act or omission in relation to such Secured Property or otherwise unless such loss or damage shall be caused by its own fraud, gross negligence or wilful default.

The Trustee or any receiver shall not be obliged or required to take any action in relation to the enforcement of the Security that would involve any personal liability or expense without first being indemnified and/or secured and/or pre-funded to its satisfaction.

(v) Notwithstanding the above, or any other term to the contrary and subject to clause 11.7 (*Security Enforcement*) of the relevant Carbon Counterparty Agreement, any transaction entered into in connection with the sale and purchase of the relevant Underlying Allowance(s) or Product Fee Allowance(s) in respect of which a Price Confirmation Notice (as defined in the relevant Carbon Counterparty Agreement) has been delivered on or prior to the date the Enforcement Notice was given, shall be settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement unless, in the case of a sale and purchase of Underlying Allowance(s) on redemption, such Enforcement Event occurred due to a Carbon Counterparty FTP Consequence (and, for the avoidance of doubt, no further purchase transactions of the relevant Underlying Allowance(s) shall be made during the Redemption Disposal Period).

(g) ***Limited Recourse and Shortfall after Application of Proceeds***

In respect of the relevant Series of Carbon ETC Securities, the Transaction Parties and the Securityholders shall have recourse only to the Secured Property in respect of the relevant Series of Carbon ETC Securities, subject always to the Security, and not to any other assets of the Issuer (except the Carbon Counterparty, who is not a Secured Creditor and shall not have recourse to the Secured Property or any other assets of the Issuer). If, following realisation in full of such Secured Property (whether by way of liquidation or enforcement) and application of available cash sums as provided in this Condition 5, the Trust Deed and the Security Documents (and/or in the case of a buy-back, following delivery of Allowance(s) (as applicable)), any outstanding claim against the Issuer in respect of the Secured Issuer Obligations or Other Issuer Obligations remains unpaid (or unsatisfied due to non-delivery of all or a portion of the relevant number of Allowance(s) in the case of buy-back)), then such outstanding claim shall be extinguished and no debt shall be owed by the Issuer in respect thereof. None of the Transaction Parties, the Securityholders or any other person acting on behalf of any of them shall be entitled to take any steps against (i) any of the Issuer's officers, shareholders, corporate service providers or directors or (ii) following extinguishment in accordance with this Condition 5(g), the Issuer to recover any further sum (or assets) in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum (or assets). It being expressly agreed and understood that the Carbon ETC Securities and the Transaction Documents are corporate obligations of the Issuer, each party agrees that no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the Carbon ETC Securities or any Transaction

Document or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or director, is hereby deemed expressly waived by the Transaction Parties and the Securityholders.

None of the Transaction Parties, the Securityholders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them shall have any claim arising with respect to the assets and/or property (i) attributable to any other securities issued by the Issuer (save for any further securities which form a single series with the relevant Series of Carbon ETC Securities) or (ii) not attributable to any particular Series.

The provisions of this Condition 5(g) shall survive notwithstanding any redemption of the relevant Series of Carbon ETC Securities or the termination or expiration of any Transaction Document.

(h) ***Issuer's Rights as Beneficial Owner of Secured Property***

Without prejudice to Condition 5(a), Condition 14(a) or any other Condition, at any time before any Security in respect of the relevant Series of Carbon ETC Securities becomes enforceable, the Issuer may, with the sanction of an Extraordinary Resolution or with the prior written consent of the Trustee:

(i) take such action in relation to the Secured Property relating to the relevant Series of Carbon ETC Securities as it may think expedient; and

(ii) exercise any rights incidental to the ownership of the Secured Property which are exercisable by the Issuer (including in its capacity as the entity with beneficial rights to the Underlying Allowance(s)) and, in particular (but, without limitation, and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any such ownership interests in respect of such property.

The Issuer shall not exercise any rights with respect to the Secured Property relating to the relevant Series of Carbon ETC Securities unless it has the consents referred to above or is directed to do so by an Extraordinary Resolution or unless otherwise permitted by these Conditions or other Transaction Documents and, if such direction or consent is given, the Issuer shall act only in accordance with such direction or consent, provided that, prior to the Security in respect of the Carbon ETC Securities becoming enforceable and subject to Condition 5(a)(ii), the Issuer may release or modify the rights and assets which are comprised in the Secured Property for the relevant Series of Carbon ETC Securities without any further action or consent being required on the part of the Trustee to the extent necessary in connection with any of the circumstances described in Condition 5(a)(ii) (or in the Trust Deed and or any Security Document) in relation to which the Security over such Secured Property is released.

6 Restrictions

So long as any of the Carbon ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Trustee and, other than in respect of any termination of its appointment or action against it, the Programme Administrator, and except as provided for or contemplated in the Conditions or any Transaction Document:

(i) engage in any business other than (a) the issuance of series of securities (including any Series) and any amendment, exchange, repurchase, cancellation or reissue or resale of the same, (b) the acquisition of Allowance(s) in connection with such issuances and (c) the entry into of related agreements and transactions (including the Transaction Documents for that Series or the same for

any other series) and the performing of acts required thereunder or which relate or are incidental thereto or reasonably necessary (in the opinion of the Issuer) in connection therewith or in furtherance thereof (which, for the avoidance of doubt, may occur in connection with this Programme or any other secured securities programme established by the Issuer), and provided that each series of securities:

(A) shall be secured on assets of the Issuer other than the Issuer's share capital and any assets securing any other series of securities; and

(B) shall, together with any related agreements entered into by the Issuer relating specifically to such securities, contain provisions that (x) limit the recourse of any holder of such securities, and of any party to any related agreement entered into by the Issuer relating specifically to such securities, to assets securing such series and not to assets to which any other series of securities have recourse and (y) prevent any persons from instituting any form of insolvency or similar proceedings with respect to the Issuer or any of its directors.

For the avoidance of doubt, agreements entered into by the Issuer with another party in respect of the Programme and relating to multiple series of securities may also contain provisions that limit the recourse of such party, in respect of their claims against the Issuer that does not relate to a particular series of Carbon ETC Securities, to assets of the Issuer which are not secured assets in respect of any series.

For the avoidance of doubt, acts incidental or reasonably necessary in connection therewith or in furtherance thereof shall include (without limitation): (aa) the appointment of auditors, administrators, corporate administrators, banks, advisers or any other service provider necessary to maintain the Issuer and/or keep it operating and/or to comply with any laws, regulations or rules applicable to it, (bb) the amendment or termination of any related agreement to a series of securities, (cc) the entry into, amendment or termination of any agreement relating to the Issuer generally and not to any specific series of securities but which is to facilitate the issuance by the Issuer of securities and its ongoing administration of the same (including, without limitation, any agreement relating to the operation of one or more allowance(s) accounts), (dd) entering into arrangements designed to allow investors in securities issued by any other issuer to be able to exchange those securities for securities issued by the Issuer and (ee) entering into any arrangements with any party relating to the Programme or any other issue of securities (including the issue of any separate series of securities) to entitle that party to receive any payment from the Issuer provided that such payments are not made from the secured property of any series;

(ii) cause or permit the terms of the Security granted under each Security Document and the order of priority specified in the Conditions, the Trust Deed and each Security Document, as applicable, to be amended, terminated or discharged (other than as contemplated by the relevant Trust Deed, Security Document and/or the Conditions relating to such Series of Carbon ETC Securities);

(iii) release any party (other than any Agent) to the relevant Trust Deed, the relevant Security Document or any other relevant Transaction Document relating to a Series of Carbon ETC Securities from any existing obligations thereunder (other than as contemplated by the relevant Trust Deed, Security Document, Determination Agent Agreement, Agency Agreement, Carbon Accounts Administrator Agreement, Programme Administrator Agreement, Carbon Counterparty Agreement, Custody Agreement, any other relevant Transaction Document and/or the Conditions relating to such Series of Carbon ETC Securities);

(iv) have any subsidiaries;

(v) sell, transfer or otherwise dispose of the Secured Property in respect of any Series of Carbon ETC Securities or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over such Secured Property (to the extent it relates to the Issuer) except (i) in

accordance with the Conditions of the relevant Carbon ETC Securities of any such Series and any other Transaction Document relating to any such Series as may be applicable; and (ii) for liens customarily maintained by clearing systems or depositories;

(vi) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the Conditions, the relevant Trust Deed, the relevant Security Document or any other Transaction Document relating to any Series of Carbon ETC Securities (other than as contemplated by the Conditions and the relevant Transaction Documents, in each case relating to any such Series);

(vii) acquire any asset at any time that is not cash and/or not regarded as an Allowance or carry out any other business apart from the holding, managing or both the holding and the management in each case of cash (in Jersey) and/or Allowance(s) (and activities which are ancillary to that business);

(viii) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person (other than as contemplated by the relevant Trust Deed and the Conditions for any Series of Carbon ETC Securities);

(ix) have any employees;

(x) issue any shares (other than such shares in the capital of the Issuer as were issued at the date of initial establishment of the Programme and which are ultimately held on charitable trust by its holders) or make any distribution to its shareholders in excess of EUR 1,000 per annum;

(xi) open or have any interest in any account with a bank or financial institution unless such account (A) is a Series Cash Account or a collection account relating to fees received in connection with the issuance or buy-back of securities of a series or (B) is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it or (C) opened in connection with any other series of securities or (D) is otherwise reasonably necessary (in the opinion of the Issuer) in relation to any series of securities or the operation of the Issuer in relation to the issuance of securities;

(xii) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);

(xiii) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person (save as may be required in connection with any exchange offer contemplated in paragraph (i));

(xiv) acquire any securities or shareholdings whatsoever from its shareholders or enter into any agreements whereby it would be acquiring the obligations and/or liabilities of its shareholders;

(xv) except as contemplated by any transaction document and/or the conditions relating to a series of securities, advance or lend any of its moneys or assets, including, but not limited to, the rights, property or other assets comprising the secured property for any such other series of securities, to any other entity or person;

(xvi) subject as provided in paragraph (i) above, incur any other indebtedness for borrowed moneys, other than issuing further securities (which may or may not form a single series with any existing series of securities and may or may not be guaranteed by a third party) and creating or incurring further obligations relating to such series; or

(xvii) permit or cause any Underlying Allowance(s) to be transferred out of a Series Carbon Account (by giving instructions to the Custodian) other than a transfer made (1) to an Authorised Participant in connection with the settlement of a buy-back from that Authorised Participant and where the buy-back in respect of the Buy-Back Order is at the Buy-Back Redemption Amount; (2) to the Carbon Counterparty in order to realise Allowance(s) (including any Carry-Over Product Fee Allowance(s))

and such number of Allowance(s) subject to rounding in accordance with clause 5.6 (*Rounding*) of the relevant Carbon Counterparty Agreement) representing the Product Fee as provided in the relevant Carbon Counterparty Agreement; (3) to the Carbon Counterparty following an Early Redemption Valuation Date or Final Redemption Valuation Date in accordance with Condition 5(d) and the relevant Carbon Counterparty Agreement; (4) back to an Authorised Participant in connection with a Subscription Cancellation Notice (as defined in the Authorised Participant Agreement) due to a failure by the Issuer (or the Issuing Agent on its behalf) to cause the Carbon ETC Securities relating to a subscription order to be issued and settled and the relevant subscription order is cancelled pursuant to such Authorised Participant Agreement; (5) back to an Authorised Participant in connection with a failed subscription order due to a failure of the Authorised Participant to deliver the Subscription Settlement Amount in full and the relevant subscription order is cancelled pursuant to such Authorised Participant Agreement; (6) back to an Authorised Participant in connection with a cancelled subscription order pursuant to clause 2.16 (*Cancellation*) of the relevant Authorised Participant Agreement; (7) back to a Seed Authorised Participant in connection with an Issuance Cancellation Notice (as defined in the Authorised Participant Agreement) and the relevant subscription order is cancelled pursuant to such Authorised Participant Agreement; (8) in accordance with the Trustee's instructions, following the occurrence of an Enforcement Event (provided, in the case of the Jersey Law Security only, that the Enforcement Notice has been served on the Issuer by the Trustee) or (9) otherwise as permitted pursuant to the Conditions, the relevant Trust Deed, each Security Document or any other Transaction Document,

provided that the Issuer shall not take any action (even where the prior written consent of the Trustee and the Programme Administrator is obtained) if such action is, in the opinion of the Issuer, inconsistent with the objects of the Issuer as specified in its Constitution.

7 Redemption, Purchase and Options

For the purposes of these Conditions, the following terms have the meanings as set out below:

"**Aggregate Final Allowance(s) Entitlement**" means, in respect of a Securityholder and a Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable), the product of (i) the Allowance(s) Entitlement per Carbon ETC Security as of such Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be; and (ii) the total number of Carbon ETC Securities outstanding, in each case as at such date.

"**Aggregate Allowance(s) Sold**" means the sum of:

(i) (a) prior to enforcement of the Security in respect of the relevant Carbon ETC Securities,the aggregate number of Underlying Allowance(s) sold by the Issuer and purchased by the Carbon Counterparty during the relevant Redemption Disposal Period (provided that such Allowance(s) have successfully settled such that the Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date), as notified by the Carbon Counterparty to the Issuer pursuant to clause 4.6 (*Notification of aggregate proceeds and Allowance(s) sold*) of the relevant Carbon Counterparty Agreement; or (b) following enforcement of the Security in respect of the relevant Carbon ETC Securities, the sum of (I) the aggregate number of Underlying Allowance(s) sold in connection with the realisation of such Underlying Allowance(s) by way of enforcement by the Trustee and (II) the aggregate number of Allowance(s) from any transaction(s) entered into in connection with the sale and purchase of such relevant Allowance(s) in respect of which a Price Confirmation Notice was delivered on or prior to the date the Enforcement Notice was given (such transaction settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement); and

(ii) the aggregate number of Underlying Allowance(s) which remain stolen following delivery of an Issuer Theft Event Notice.

"**Aggregate Net Sale Proceeds**" means (i) prior to enforcement of the Security in respect of the relevant Carbon ETC Securities, the sum of all Net Sale Proceeds received by the Issuer (and which, for the avoidance of doubt, are not returned to the Carbon Counterparty pursuant to the relevant Carbon Counterparty Agreement for any reason) in respect of all sales and purchases of Confirmed Underlying Allowance(s) during the relevant Redemption Disposal Period or (ii) following enforcement of the Security in respect of the relevant Carbon ETC Securities, the Net Sale Proceeds in connection with the enforcement and/or realisation of the Security over the Secured Property (including, without limitation, the realisation of the Underlying Allowance(s) by way of enforcement).

In respect of any Allowance(s) which remain stolen following delivery of an Issuer Theft Event Notice, such Allowance(s) shall be deemed to have been sold at a price of zero for purposes of calculating the Aggregate Net Sale Proceeds.

"**Allowance(s) Entitlement per Carbon ETC Security**" has the meaning given to it in Condition 4(b).

"**Average Allowance(s) Sale Price**" means a price denominated in the Specified Currency determined by the Determination Agent as being equal to:

(i) Aggregate Net Sale Proceeds; divided by

(ii) Aggregate Allowance(s) Sold,

provided that, in respect of any Allowance(s) which remain stolen following delivery of an Issuer Theft Event Notice, such Allowance(s) are included in the calculation for "Aggregate Allowance(s) Sold" and are deemed to have been sold at a price of zero for the purposes of calculating the "Aggregate Net Sale Proceeds".

"**Early Allowance(s) Redemption Amount**" means an amount determined by the Determination Agent as being equal to the product of (i) the Allowance(s) Entitlement per Carbon ETC Security as at the Early Redemption Valuation Date and (ii) the Average Allowance(s) Sale Price.

"**Early Redemption Valuation Date**" means, subject to Condition 8(c):

(i) in relation to an Early Redemption Event, the date specified as such in relation to that event or if not specified, the date of the occurrence of the Early Redemption Event; and

(ii) in relation to an Event of Default, the date of the Event of Default Redemption Notice from the Trustee given to the Issuer pursuant to Condition 12;

or if such day is not a Business Day, the next following Business Day.

"**Final Allowance(s) Redemption Amount**" means an amount determined by the Determination Agent as being equal to the product of (i) the Allowance(s) Entitlement per Carbon ETC Security as at the Final Redemption Valuation Date and (ii) the Average Allowance(s) Sale Price.

"**Final Redemption Valuation Date**" means, subject to Condition 8(c), [*To be specified in Final Terms* – [●]], provided that if such day is not a Business Day, the Final Redemption Valuation Date shall be the immediately following Business Day.

"**Net Sale Proceeds**" means:

(i) prior to enforcement of the Security in respect of the relevant Carbon ETC Securities and in relation to each sale of Underlying Allowance(s) in respect of an Early Redemption Valuation Date or Final Redemption Valuation Date, an amount determined and notified by the Carbon Counterparty to the Issuer, the Determination Agent, the Trustee, the Carbon Accounts Administrator, the Custodian and the Programme Administrator in accordance with clause 4.2.4 (*Price Confirmation Notice(s)*) of the relevant Carbon Counterparty Agreement, which is denominated in the Specified Currency and equal to (a) the Relevant Price *less* (b) all amounts which the Carbon Counterparty is entitled to

deduct from the proceeds of sale in respect of such Allowance(s) in accordance with Condition 5(d); or

(ii) following enforcement of the Security in respect of the relevant Carbon ETC Securities, the sum of (a) all moneys received by the Trustee under the provisions of the relevant Trust Deed, relevant Carbon Counterparty Agreement, relevant Security Documents and any other Transaction Document (net of any taxes, costs or charges incurred on the sale of such Allowance(s)) in connection with the enforcement and/or realisation of the Security over the Secured Property (including, without limitation, the realisation of the Underlying Allowance(s) by way of enforcement) and (b) the aggregate net sale proceeds from any transaction(s) entered into in connection with the sale and purchase of the relevant Allowance(s) in respect of which a Price Confirmation Notice was delivered on or prior to the date the Enforcement Notice was given (such transaction(s) settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement).

"**Relevant Price**" means an amount determined by the Carbon Counterparty which is equal to the product of:

(i) the price in EUR for one Allowance, that the Carbon Counterparty believes (acting in good faith and in a commercially reasonable manner) is representative of an intra-day fair market price on the date such Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty, based on market conditions then prevailing; and

(ii) in relation to each sale of Underlying Allowance(s) in respect of an Early Redemption Valuation Date or Final Redemption Valuation Date, the number of relevant Underlying Allowance(s).

"**Scheduled Early Redemption Date**" means the 8th Business Day following the last day of the Early Redemption Disposal Period.

"**Specified Currency**" has the meaning given to it in Condition 1.

(a) ***Final Redemption Amount***

Unless previously redeemed in whole or purchased and cancelled by the Issuer as provided below, subject to Condition 8(c), each Carbon ETC Security of this Series shall become due and payable on the Scheduled Maturity Date at its final redemption amount (the "**Final Redemption Amount**"), being an amount per Carbon ETC Security in the Specified Currency determined by the Determination Agent equal to the greater of:

(i) the Final Allowance(s) Redemption Amount; and

(ii) five per cent. of the Issue Price per Carbon ETC Security as at the Series Issue Date (the "**Minimum Debt Principal Amount**").

The Final Redemption Amount is intended to be funded from the Aggregate Net Sale Proceeds received by the Issuer pursuant to its sale of the relevant Allowance(s) to the Carbon Counterparty during the Final Redemption Disposal Period in accordance with Condition 5(d).

If, irrespective of the occurrence of a Disruption Event during the Final Redemption Disposal Period, all relevant Underlying Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty during the Final Redemption Disposal Period pursuant to the relevant Carbon Counterparty Agreement and such Allowance(s) all successfully settle (such that all Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date), the Issuer or the Determination Agent (or an agent on its behalf) will, on or prior to the 3rd Business Day following the last day of the Final Redemption Disposal Period, publish the determination of the Final Redemption Amount. Publication of the Final Redemption Amount will be on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of

Carbon ETC Securities from time to time) and shall include the following details: the Relevant Price, the Net Sale Proceeds, the number of Confirmed Underlying Allowance(s), the relevant Allowance Type and the date of sale and purchase of each sale of Underlying Allowance(s) during the Final Redemption Disposal Period, including information on any fees, deductions and/or taxes imposed on such sale, and the determination of the Average Allowance(s) Sale Price.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then following notification from the Carbon Counterparty of such event pursuant to the terms of the relevant Carbon Counterparty Agreement, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner):

(A) satisfaction of the Final Redemption Amount pursuant to this Condition 7(a) (*Final Redemption Amount*) in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant Securityholder(s) (but to the extent any sale and purchase of the relevant Allowance(s) have been settled, taking into account the Aggregate Net Sale Proceeds received in respect of such Allowance(s)); and

(B) following satisfaction of the Final Redemption Amount pursuant to this Condition 7(a) (*Final Redemption Amount*), to the extent the Allowance(s) originally designated as comprising the Final Redemption Amount are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s).

For the avoidance of doubt, no Securityholder shall be entitled to any additional payment whether on account of interest or otherwise on the Carbon ETC Securities in the event of such determination by the Programme Administrator pursuant to this Condition.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs and the Final Redemption Amount is instead determined by the Programme Administrator at its sole and absolute discretion in accordance with this Condition 7(a) (*Final Redemption Amount*), the Issuer or the Determination Agent (or an agent on its behalf) will as soon as possible after such determination is made and, in any case, on or prior to the 3rd Business Day following the last day of the Final Redemption Disposal Period, publish the determination of the Final Redemption Amount. The Programme Administrator shall further determine the details which shall be included in the publication of the Final Redemption Amount on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time).

The ability of the Issuer to make payment of the Final Redemption Amount is dependent, inter alia, on (A) the Final Allowance(s) Redemption Amount being at least equal to the Minimum Debt Principal Amount; and (B) the Carbon Counterparty fulfilling their obligations under the Carbon Counterparty Agreement.

Provided that the Final Allowance(s) Redemption Amount is at least equal to the Minimum Debt Principal Amount and assuming no Disrupted Offer Event, Disrupted Disposal Period Event, Disrupted Remaining Sale/Purchase Event, Disrupted Settlement Event or other event has occurred affecting the sale by the Issuer or the purchase by the Carbon Counterparty of the relevant Allowance(s) or affecting the settlement of the sale and purchase of such Allowance(s) (as applicable), such that the relevant Underlying Allowance(s) are not all sold and purchased by the end of the Final Redemption Disposal Period and/or payment in respect of such Underlying Allowance(s) are not all settled on or prior to the Settlement Long-Stop Date, the ability of the Issuer to make payment of the Final Redemption Amount will be dependent on (I) its receipt in full from the Carbon Counterparty of the Aggregate Net Sale Proceeds from its sale of the Underlying

Allowance(s) to the Carbon Counterparty in accordance with Condition 5(d); (II) the Carbon Counterparty having purchased all of the Underlying Allowance(s) on or prior to the last day of the Final Redemption Disposal Period; (III) the sale and purchase of such Underlying Allowance(s) having settled such that all Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date and (IV) the Underlying Allowance(s) held by the Issuer as at the first day of the Redemption Disposal Period being at least equal to the Aggregate Final Allowance(s) Entitlement.

To the extent any of (I), (II), (III) or (IV) above are not satisfied and payment of Principal in respect of the relevant series of Carbon ETC Securities is not made in full when due on the Scheduled Maturity Date, the security enforcement provisions of Condition 5 shall apply and the payment of any proceeds of any such enforcement shall be made in accordance with Condition 5. If the Issuer's inability to pay the Final Redemption Amount on the Scheduled Maturity Date is solely due to the Final Allowance(s) Redemption Amount falling below the Minimum Debt Principal Amount, the Issuer is not expected to have any further rights against the Carbon Counterparty which could be enforced and therefore there may not be any proceeds of enforcement of the Security.

All such payments are also subject to the limited recourse provisions of Condition 5(g). As a result of the application of Condition 5(g), the Securityholders may not receive in full the Final Redemption Amount payable in respect of a Carbon ETC Security.

(b) ***Early Redemption Amount***

Unless previously purchased and cancelled by the Issuer as provided below, subject to Condition 8(c), if an Early Redemption Event occurs, each Carbon ETC Security of this Series shall become due and payable on the related Scheduled Early Redemption Date at its early redemption amount (the "**Early Redemption Amount**") being an amount per Carbon ETC Security in the Specified Currency determined by the Determination Agent equal to the greater of:

(i) the Early Allowance(s) Redemption Amount; and

(ii) the Minimum Debt Principal Amount (as defined in Condition 7(a)(ii)).

The Early Redemption Amount is intended to be funded from the Aggregate Net Sale Proceeds received by the Issuer pursuant to its sale of the relevant Allowance(s) to the Carbon Counterparty during the Early Redemption Disposal Period in accordance with Condition 5(d).

If, irrespective of the occurrence of a Disruption Event during the Early Redemption Disposal Period, all relevant Underlying Allowance(s) are sold by the Issuer and purchased by the Carbon Counterparty during the Early Redemption Disposal Period pursuant to the relevant Carbon Counterparty Agreement and such Allowance(s) all successfully settle (such that all Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date), the Issuer or the Determination Agent (or an agent on its behalf) will, on or prior to the 3rd Business Day following the last day of the Early Redemption Disposal Period, publish the determination of the Early Redemption Amount. Publication of the Early Redemption Amount will be on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time) and shall include the following details: the Relevant Price, the Net Sale Proceeds, the number of Confirmed Underlying Allowance(s), the relevant Allowance Type and the date of sale and purchase of each sale of Underlying Allowance(s) during the Early Redemption Disposal Period, including information on any fees, deductions and/or taxes imposed on such sale, and the determination of the Average Allowance(s) Sale Price.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs, then following notification from the Carbon Counterparty of such event pursuant to the terms of the relevant Carbon Counterparty

Agreement, the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner):

(A) satisfaction of (I) the amounts payable pursuant to Condition 5(d)(ii)(A) to (D) and (II) the Early Redemption Amount pursuant to this Condition 7(b) (*Early Redemption Amount*), in each case, in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, procurement of an assignment of certain Issuer's security interests in favour of the relevant parties or the relevant Securityholder(s) (as applicable) (but to the extent any sale and purchase of the relevant Allowance(s) have been settled, taking into account the Aggregate Net Sale Proceeds received in respect of such Allowance(s)); and

(B) following satisfaction of such amounts payable pursuant to Condition 5(d)(ii)(A) to (D) and of the Early Redemption Amount pursuant to this Condition 7(b) (*Early Redemption Amount*), to the extent the Allowance(s) originally designated as comprising such amounts are not (or have not been) delivered or liquidated or the security interests in respect of such Allowance(s) are not assigned, further action (if any) in relation to such remaining Allowance(s).

For the avoidance of doubt, no Securityholder shall be entitled to any additional payment whether on account of interest or otherwise on the Carbon ETC Securities in the event of such determination by the Programme Administrator pursuant to this Condition.

If a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event occurs and the Early Redemption Amount is instead determined by the Programme Administrator at its sole and absolute discretion in accordance with this Condition 7(b) (*Early Redemption Amount*), the Issuer or the Determination Agent (or an agent on its behalf) will as soon as possible after such determination is made and, in any case, on or prior to the 3rd Business Day following the last day of the Early Redemption Disposal Period, publish the determination of the Early Redemption Amount. The Programme Administrator shall further determine the details which shall be included in the publication of the Early Redemption Amount on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website notified by the Issuer for such Series of Carbon ETC Securities from time to time).

The ability of the Issuer to make payment of the Early Redemption Amount is dependent, inter alia, on (A) the Early Allowance(s) Redemption Amount being at least equal to the Minimum Debt Principal Amount; and (B) the Carbon Counterparty fulfilling their obligations under the Carbon Counterparty Agreement.

Provided that the Early Allowance(s) Redemption Amount is at least equal to the Minimum Debt Principal Amount and assuming no Disrupted Offer Event, Disrupted Disposal Period Event, Disrupted Remaining Sale/Purchase Event, Disrupted Settlement Event or other event has occurred affecting the sale by the Issuer or the purchase by the Carbon Counterparty of the relevant Allowance(s) or affecting the settlement of the sale and purchase of such Allowance(s) (as applicable), such that the relevant Underlying Allowance(s) are not all sold and purchased by the end of the Early Redemption Disposal Period and/or payment in respect of such Underlying Allowance(s) are not all settled on or prior to the Settlement Long-Stop Date, the ability of the Issuer to make payment of the Early Redemption Amount will be dependent on (I) its receipt in full from the Carbon Counterparty of the Aggregate Net Sale Proceeds from its sale of the Underlying Allowance(s) to the Carbon Counterparty in accordance with Condition 5(d); (II) the Carbon Counterparty having purchased all of the Underlying Allowance(s) on or prior to the last day of the Early Redemption Disposal Period; (III) the sale and purchase of such Underlying Allowance(s) having settled such that all Net Sale Proceeds are received by the Issuer on or prior to the Settlement Long-Stop Date and (IV) the Underlying Allowance(s) held by the Issuer as at the first day of the Redemption Disposal Period (including the aggregate number of Underlying Allowance(s)

which remain stolen following delivery of an Issuer Theft Event Notice) being at least equal to the Aggregate Final Allowance(s) Entitlement.

To the extent any of (I), (II), (III) or (IV) above are not satisfied and payment of Principal in respect of the relevant series of Carbon ETC Securities is not made in full when due on the relevant Scheduled Early Redemption Date, the security enforcement provisions of Condition 5 shall apply and the payment of any proceeds of any such enforcement shall be made in accordance with Condition 5. If the Issuer's inability to pay the Early Redemption Amount on the Scheduled Early Redemption Date is solely due to the Early Allowance(s) Redemption Amount falling below the Minimum Debt Principal Amount, the Issuer is not expected to have any further rights against the Carbon Counterparty which could be enforced and therefore there may not be any proceeds of enforcement of the Security.

All such payments are also subject to the limited recourse provisions of Condition 5(g). As a result of the application of Condition 5(g), the Securityholders may not receive in full the Early Redemption Amount payable in respect of a Carbon ETC Security.

Notwithstanding anything to the contrary in the Conditions or any Transaction Document, and provided that no Early Redemption Valuation Date or Final Redemption Valuation Date has already occurred, if at any time following notice being given that an Early Redemption Event is to occur (the "**Initial Early Redemption Event**") a notice is given that an event or circumstance which would otherwise constitute or give rise to an Early Redemption Event occurs (the "**Secondary Early Redemption Event**") in respect of which the Early Redemption Valuation Date relating thereto occurs (or would occur) prior to the date that would have been the Early Redemption Valuation Date in respect of the Initial Early Redemption Event, the Secondary Early Redemption Event shall prevail and all references to the "Early Redemption Event" in the Conditions and the Transaction Documents shall be construed accordingly.

The Issuer shall give notice to the Securityholders of the Early Redemption Valuation Date and the Scheduled Early Redemption Date of the Carbon ETC Securities as soon as reasonably practicable in accordance with Condition 17.

(c) ***Issuer Call Redemption Event***

The Issuer may (but is not obliged to), on giving an irrevocable notice to the Programme Administrator and the Securityholders in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person), elect to redeem all the Carbon ETC Securities of this Series and designate an Early Redemption Valuation Date for such purposes, provided that the date designated as the Early Redemption Valuation Date shall not be earlier than the 30th calendar day following the date of the relevant notice and shall not be on or after the Final Redemption Valuation Date (such notice an "**Issuer Call Redemption Notice**"). An Early Redemption Event in the form of an "**Issuer Call Redemption Event**" will occur on the Early Redemption Valuation Date designated in the Issuer Call Redemption Notice (save that if such day is not a Business Day, the Early Redemption Valuation Date shall be the first following Business Day). The Issuer shall give a copy of the Issuer Call Redemption Notice to each of the Transaction Parties on the same date as such notice is given to the Programme Administrator and the Securityholders.

(d) ***Early Redemption Events***

Each of the following events (including an Issuer Call Redemption Event and an Event of Default) shall be an early redemption event (each an "**Early Redemption Event**") as specified below (and for the avoidance of doubt, the Issuer shall not need any consent of the Trustee or other person to deliver any of the notices contemplated as being potentially delivered by it below):

(i) on or after the Series Issue Date due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, applicable market association, tax authority and/or any exchange) or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer may (but is not obliged to) give notice to the Trustee, the Carbon Accounts Administrator, the Determination Agent, the Issuing Agent, each Paying Agent, the Programme Administrator, the Custodian, the Carbon Counterparty and the Securityholders in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (such notice an "**Issuer Redemption Notice**"), because:

(A) it has (or the Issuer reasonably expects that it will) become illegal for the Issuer to (x) acquire Allowance(s) or to hold or dispose of all or some only of the Underlying Allowance(s) (including in relation to holding the benefit of the Allowance(s), in each case, an "**Issuer Illegality Event**"), and/or (y) perform its obligations under the Carbon ETC Securities; or

(B) the Issuer would (or would expect to) incur a materially increased cost in performing its obligations under the Carbon ETC Securities (including, without limitation, any increase in any applicable Taxes, any decrease in any applicable tax benefit and/or any other costs or liability to Tax of the Issuer relating to any change in any applicable tax law or regulation).

An Early Redemption Event in the form of an "**Issuer Change in Law or Regulation Redemption Event**" will occur on the Early Redemption Valuation Date and for such purposes the Early Redemption Valuation Date shall be the fourth Business Day after the date of the Issuer Redemption Notice (save that (i) if such day is not a Business Day, the Early Redemption Valuation Date shall be the first following Business Day and (ii) if such day would otherwise occur after the Final Redemption Valuation Date, then the Early Redemption Valuation Date shall be such Final Redemption Valuation Date);

(ii) if:

(A) the Trustee in relation to the relevant Series of Carbon ETC Securities resigns or is removed and no successor or replacement has been appointed before the expiry of the 90 calendar day notice period pursuant clause 13.2 (*Retirement and removal*) of the relevant Trust Deed;

(B) the Carbon Accounts Administrator in relation to the relevant Series of Carbon ETC Securities resigns or their appointment is terminated pursuant to clauses 10.1 and 10.2 of the relevant Carbon Accounts Administrator Agreement, and no successor Eligible Carbon Accounts Administrator has been nominated before the expiry of the 60 calendar day notice period (or such earlier date of expiry calculated pursuant to such clauses) pursuant to clause 10.3 (*Condition to resignation and termination*) of the relevant Carbon Accounts Administrator Agreement;

(C) the Issuing Agent or the Paying Agent in relation to the relevant Series of Carbon ETC Securities resigns or their appointment is terminated pursuant to clauses 17.1 and 17.2 of the relevant Agency Agreement, and no successor Eligible Agent (as defined in the relevant Agency Agreement) has been nominated before the expiry of the 60 calendar day notice period (or such earlier date of expiry calculated pursuant to such clauses) pursuant to clause 17.3 (*Condition to resignation and termination*) of the relevant Agency Agreement;

(D) the Carbon Counterparty's agreement to act in relation to the relevant Series of Carbon ETC Securities is terminated pursuant to clause 9.1.1 of the relevant Carbon Counterparty Agreement, and no successor Eligible Carbon Counterparty has been nominated before the expiry of the 60 calendar day notice period (or such earlier date of expiry calculated pursuant to such clause) pursuant to clause 9.1.2 (*Condition to termination*) of the relevant Carbon Counterparty Agreement;

(E) the Programme Administrator resigns or their appointment is terminated pursuant to clauses 8.1 and 8.2 of the Programme Administrator Agreement, and no successor Eligible Programme Administrator (which, for the avoidance of doubt, shall meet the requirements in clause 8.3 of the Programme Administrator Agreement) has been nominated before the expiry of the 60 calendar day notice period pursuant to clause 8.3 (*Condition to resignation and termination*) of the Programme Administrator Agreement; or

(F) the Custodian in relation to the relevant Series of Carbon ETC Securities resigns or their appointment is terminated pursuant to clauses 10.2 and 10.3 of the relevant Custody Agreement, and no successor Eligible Custodian has been nominated before the expiry of the 60 calendar day notice period (or such earlier date of expiry calculated pursuant to such clauses) pursuant to clause 10.4 (*Condition to resignation and termination*) of the relevant Custody Agreement.

the Issuer shall, in each case, give notice (an "**Agent/Trustee Redemption Event Notice**") to the Transaction Parties and the Securityholders in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person). An Early Redemption Event in the form of an "**Agent/Trustee Redemption Event**" will occur on the fourth Business Day following the date of the Agent/Trustee Redemption Event Notice. An Agent/Trustee Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;

(iii) if the Value per Carbon ETC Security on three consecutive Valuation Days is less than or equal to eight per cent. of the Issue Price per Carbon ETC Security as at the Series Issue Date (the "**Value per Carbon ETC Security Threshold Level**"), the Determination Agent shall give notice (a "**Value per Carbon ETC Security Threshold Level Notice**") to the Issuer, copied to each of the Transaction Parties. An Early Redemption Event in the form of a "**Value per Carbon ETC Security Threshold Redemption Event**" will occur on the fourth Business Day following the date of the Value per Carbon ETC Security Threshold Level Notice. A Value per Carbon ETC Security Threshold Level Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Issuer shall, as soon as reasonably practicable after receipt of a Value per Carbon ETC Security Threshold Level Notice, give notice thereof to the Securityholders in accordance with Condition 17, specifying in such notice the scheduled Early Redemption Valuation Date;

(iv) an Issuer Call Redemption Event occurs pursuant to Condition 7(c);

(v) if the Issuer will, or there is a substantial likelihood that it will, on the next date (A) on which there is a sale of Allowance(s) in relation to the Product Fee or in respect of final redemption or early redemption (for the avoidance of doubt, following the occurrence of another Early Redemption Event) of the Carbon ETC Securities or (B) on which a delivery of Allowance(s) is due in respect of a subscription for Carbon ETC Securities of the relevant Series by an Authorised Participant or a buy-back by the Issuer of Carbon ETC Securities of the relevant Series from an Authorised Participant, in each case, be required to make a payment in respect of VAT, UK VAT or Jersey GST (as applicable) or to register for VAT, UK VAT or Jersey GST (as applicable) or otherwise be required to account for VAT, UK VAT or Jersey

GST (as applicable) on such sale or delivery of Allowance(s) (whether or not such VAT, UK VAT or Jersey GST (as applicable) is recoverable); the Issuer may (but is not obliged to) give notice to the Transaction Parties and the Securityholders in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (a "**VAT Redemption Event Notice**") and an Early Redemption Event in the form of a "**VAT Redemption Event**" will occur on the fourth Business Day following the date of the VAT Redemption Event Notice, provided that such VAT Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;

(vi) if the Issuer becomes entitled to serve a VAT Redemption Event Notice, and the Trustee is notified in writing of such entitlement and directed in writing by Securityholders of at least one-fifth in number of the Carbon ETC Securities then outstanding to give a notice under this Condition 7(d)(vi), the Trustee shall, provided that the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction, give such notice (a "**Termination Event Redemption Notice**", a form of such notice attached in Schedule 2 (*Form of Securityholder Notice and Direction*) of the relevant Agency Agreement) to the Issuer and each of the Transaction Parties. An Early Redemption Event in the form of a "**Termination Event Redemption Event**" will occur on the fourth Business Day following the date of the Termination Event Redemption Notice. A Termination Event Redemption Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. Any direction given to the Trustee pursuant to this Condition 7(d)(vi) by Securityholders must be substantially in the form set out in the Agency Agreement which is available from the Issuing Agent and the Trustee. The Issuer shall, as soon as reasonably practicable after receipt of a Termination Event Redemption Notice, give notice thereof to the Securityholders in accordance with Condition 17, specifying in such notice the scheduled Early Redemption Valuation Date;

(vii) if the Programme Administrator determines that an event has occurred by which the euro ceases to be the lawful currency of one or more Euro Member States, the Programme Administrator may (in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (a "**Euro Dissolution Event Notice**") to the Issuer, copied to each of the Transaction Parties. An Early Redemption Event in the form of an "**Euro Dissolution Redemption Event**" will occur on the fourth Business Day following the date of the Euro Dissolution Event Notice. A Euro Dissolution Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Issuer shall, as soon as reasonably practicable after receipt of a Euro Dissolution Event Notice, give notice thereof to the Securityholders in accordance with Condition 17, specifying in such notice the scheduled Early Redemption Valuation Date;

(viii) if the Issuer becomes aware that some or all of the EUAs constituting the Underlying Allowance(s) have been stolen from the Series Carbon Account, the Issuer shall give notice thereof to the Programme Administrator (such notice, an "**Issuer Theft Event Notice**") and following receipt of such Issuer Theft Event Notice, the Programme Administrator (A) may (at its sole and absolute discretion and is under no obligation to) attempt to recover (including by instruction to the Custodian and Carbon Accounts Administrator) some or all of such stolen EUAs (and such recovery may be attempted for any period of time up to, and including, the 30th Business Day following receipt of such Issuer Theft Event Notice) and/or (B) may, on or prior to the 30th Business Day following receipt of such Issuer Theft Event Notice, give notice to the Issuer (a "**PA Theft Event Notice**") that there remains EUAs which have been stolen from the Series Carbon Account on the date of such PA Theft Event Notice. Following receipt of a PA Theft Event Notice, the Issuer shall give notice to the Transaction Parties and the Securityholders (which notice shall be irrevocable) in accordance with Condition 17 (and, for

the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (a "**Theft Redemption Event Notice**") and an Early Redemption Event in the form of a "**Theft Redemption Event**" will occur on the fourth Business Day following the date of the Theft Redemption Event Notice, provided that such Theft Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. Unless the Carbon Accounts Administrator or Custodian confirms that there are no longer any Underlying Allowance(s) to sell following such theft, any realisation of the Underlying Allowance(s) by the Carbon Counterparty in accordance with Condition 5(d) shall be a realisation of the remaining Underlying Allowance(s);

(ix) if:

(A) in respect of the Carbon Accounts Administrator, (i) at any time prior to the Scheduled Maturity Date, the Programme Administrator determines that a Carbon Accounts Administrator Bankruptcy Event occurs or (ii) the Issuer (at its option) terminates the appointment of the Carbon Accounts Administrator with immediate effect following a Carbon Accounts Administrator Breach (as defined in the relevant Carbon Accounts Administrator Agreement) pursuant to clause 10.4 (*Bankruptcy and Immediate Termination*) of the relevant Carbon Accounts Administrator Agreement and, in each case, no successor or replacement Eligible Carbon Accounts Administrator has been appointed by the Issuer (x) within 30 calendar days of the date of such Carbon Accounts Administrator Bankruptcy Event (in the case of sub-paragraph (i)) or the date the Carbon Accounts Administrator's appointment is terminated (in the case of sub-paragraph (ii)) or (y) in either case, by such earlier date as specified by the Programme Administrator;

(B) in respect of the Issuing Agent or Paying Agent, at any time prior to the Scheduled Maturity Date, (i) the Programme Administrator determines that an Issuing Agent Bankruptcy Event (in respect of the Issuing Agent) or a Paying Agent Bankruptcy Event (in respect of the Paying Agent) occurs or (ii) the Issuer determines that an Agent Agreement Breach (as defined in the relevant Agency Agreement) occurs or (iii) an Issuer/Issuing Agent Regulatory Breach (as defined in the relevant Agency Agreement) occurs (which, for the avoidance of doubt, shall include where the Issuing Agent breaches any applicable laws or regulations or becomes subject to a lawsuit, regulatory action, government investigation, allegation, demand, claim, request, inquiry, sanction, arbitration or proceeding, in each case, that the Issuer reasonably determines could cause reputational harm), and, in each case, no successor or replacement Eligible Agent (as defined in the relevant Agency Agreement) has been appointed by the Issuer (x) within 30 calendar days of the date of the relevant Agent Agreement Breach (as defined in the relevant Agency Agreement), Issuing Agent Bankruptcy Event, Paying Agent Bankruptcy Event or Issuer/Issuing Agent Regulatory Breach (as applicable) or (y) in each case, by such earlier date as specified by the Programme Administrator;

(C) in respect of the Carbon Counterparty, at any time prior to the Scheduled Maturity Date, the Programme Administrator determines that a Carbon Counterparty Bankruptcy Event occurs with respect to the Carbon Counterparty and the Issuer has not entered into an agreement with a successor or replacement Eligible Carbon Counterparty (x) within 30 calendar days of the date of such Carbon Counterparty Bankruptcy Event or (y) by such earlier date as specified by the Programme Administrator;

(D) in respect of the Programme Administrator, the Issuer (at its option) terminates the appointment of the Programme Administrator with immediate effect following a Programme Administrator Breach (as defined in the Programme Administrator Agreement) pursuant to clause 8.4 (*Immediate Termination*) of the Programme Administrator Agreement and no successor or replacement Eligible Programme Administrator has been appointed by the Issuer (x) within 30 calendar days of the date the Programme Administrator's appointment is terminated or (y) by such earlier date as specified by the Programme Administrator;

(E) in respect of the Custodian, (i) at any time prior to the Scheduled Maturity Date, the Programme Administrator determines that a Custodian Bankruptcy Event occurs; (ii) the Custodian notifies the Issuer and the Programme Administrator that a Custodian Illegality Event has occurred; (iii) the Issuer (at its option) terminates the appointment of the Custodian with immediate effect following a Custodian Breach (as defined in the relevant Custody Agreement); (iv) the Custodian notifies the Issuer of a Custody Agreement AML Breach in accordance with clause 10.5.4 of the relevant Custody Agreement or (v) if a Custodian Disrepute Event occurs pursuant to clause 10.5 (*Bankruptcy, Immediate Termination and other events*) of the relevant Custody Agreement and, in each case, no successor or replacement Eligible Custodian has been appointed by the Issuer (x) within 30 calendar days of the date of such Custodian Bankruptcy Event (in the case of sub-paragraph (i)), the date of such Custodian Illegality Event (in the case of sub-paragraph (ii)), the date the Custodian's appointment is terminated (in the case of sub-paragraph (iii)), the date the Custodian notifies the Issuer of a Custody Agreement AML Breach (in the case of sub-paragraph (iv)) or the date of determination of a Custodian Disrepute Event (in the case of sub-paragraph (v)) or (y) in each case, by such earlier date as specified by the Programme Administrator; or

(F) in respect of the Trustee, (i) at any time prior to the Scheduled Maturity Date, the Programme Administrator determines that a Trustee Bankruptcy Event occurs or (ii) the Issuer (at its option) terminates the appointment of the Trustee with immediate effect following a Trustee Breach (as defined in the relevant Trust Deed) pursuant to clause 13.3 (*Bankruptcy and Immediate Termination*) of the relevant Trust Deed and, in each case, no successor or replacement trustee has been appointed by the Issuer (x) within 30 calendar days of the date of such Trustee Bankruptcy Event (in the case of sub-paragraph (i)) or the date the Trustee's appointment is terminated (in the case of sub-paragraph (ii)) or (y) in either case, by such earlier date as specified by the Programme Administrator,

the Issuer shall, in each case, give notice thereof to the Transaction Parties and the Securityholders (which notice shall be irrevocable) in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (an "**Agent Bankruptcy/Breach Redemption Event Notice**") and an Early Redemption Event in the form of an "**Agent Bankruptcy/Breach Redemption Event**" will occur on the fourth Business Day following the date of the Agent Bankruptcy/Breach Redemption Event Notice, provided that such Agent Bankruptcy/Breach Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;

(x) if the Programme Administrator determines (in its sole discretion and without regard to any related determination by any of the other parties or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the other parties) that there is a proposal to change, or that there has been an adoption of any

change in, any applicable policies (including the EU emissions policy) or law or the electronic accounting systems impacting the EUAs constituting the Underlying Allowance(s) or the Union Registry after the Series Issue Date as a result of which it becomes unlawful for (x) the Issuer or the Carbon Accounts Administrator (acting on the Issuer's behalf) to perform any absolute or contingent obligation to instruct or procure a delivery in respect of the EUAs constituting the Underlying Allowance(s) or any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s); or (y) the Issuer to comply with any other material provision of any agreement entered into in connection with the EUAs constituting the Underlying Allowance(s) (in each case, an "**EUA Regulatory Event**"), the Issuer shall give notice thereof to the Transaction Parties and the Securityholders (which notice shall be irrevocable) in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (an "**EUA Regulatory Redemption Event Notice**") and an Early Redemption Event in the form of an "**EUA Regulatory Redemption Event**" will occur on the fourth Business Day following the date of the EUA Regulatory Redemption Event Notice, provided that such EUA Regulatory Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;

(xi) if "Early Redemption: Ineligibility for Phase IV" is specified as applicable in the relevant Final Terms of a Series of Carbon ETC Securities and if the Programme Administrator determines that, following an announcement, change in law or regulation or confirmation by the European Council or Commission, EUAs issued in Phase III (1 January 2013 to 31 December 2020) of the EU ETS will not be eligible for compliance with obligations under Phase IV (1 January 2021 to 31 December 2030) of the EU ETS, the Programme Administrator may (in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (a "**Phase IV Ineligibility Event Notice**") to the Issuer, copied to each of the Transaction Parties. An Early Redemption Event in the form of a "**Phase IV Ineligibility Redemption Event**" will (for the avoidance of doubt, without requiring the consent of the Trustee or any other person) occur on the fourth Business Day following the date of the Phase IV Ineligibility Event Notice, provided that such Phase IV Ineligibility Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Issuer shall, as soon as reasonably practicable after receipt of a Phase IV Ineligibility Event Notice, give notice thereof to the Securityholders in accordance with Condition 17, specifying in such notice the scheduled Early Redemption Valuation Date;

(xii) if the Scheme is, as a result of official written public pronouncement by the European Community, no longer scheduled to proceed or is to be discontinued (an "**Abandonment of Scheme**"), the Issuer shall give notice thereof to the Transaction Parties and the Securityholders (which notice shall be irrevocable) in accordance with Condition 17 (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (an "**Abandonment of Scheme Redemption Event Notice**") and an Early Redemption Event in the form of an "**Abandonment of Scheme Redemption Event**" will occur on the fourth Business Day following the date of the Abandonment of Scheme Redemption Event Notice, provided that such Abandonment of Scheme Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;

(xiii) if the Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, the Programme Administrator may (in its sole discretion and without regard to the interests of the Issuer or any other party) give notice (a "**Carbon Accounts Closure Redemption Event Notice**") to the Issuer, copied to each of the Transaction Parties. An Early Redemption Event in the form of a "**Carbon Accounts Closure**

Redemption Event" will occur on the fourth Business Day following the date of the Carbon Accounts Closure Redemption Event Notice, provided that such Carbon Accounts Closure Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Issuer shall, as soon as reasonably practicable after receipt of a Carbon Accounts Closure Redemption Event Notice, give notice thereof to the Securityholders in accordance with Condition 17, specifying in such notice the scheduled Early Redemption Valuation Date; and

(xiv) if the Programme Administrator determines that an Emissions Disruption Event has occurred, the Programme Administrator may (at any time following the occurrence of such Emissions Disruption Event and acting in its sole discretion and without regard to the interests of the Issuer or any other party) give notice to the Issuer, copied to each of the Transaction Parties (and, for the avoidance of doubt, without requiring the consent of the Trustee or any other person) that all the Carbon ETC Securities of this Series are to be redeemed (an "**Emissions Disruption Redemption Event Notice**"). An Early Redemption Event in the form of an "**Emissions Disruption Redemption Event**" will occur on the fourth Business Day following the date of the Emissions Disruption Redemption Event Notice. An Emissions Disruption Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Issuer shall, as soon as reasonably practicable after receipt of an Emissions Disruption Redemption Event Notice, give notice thereof to the Securityholders in accordance with Condition 17, specifying in such notice the scheduled Early Redemption Valuation Date.

For the avoidance of doubt and notwithstanding Condition 8(b)(iv) (Disruption Event and Determination of Disrupted Days), the Programme Administrator's option to deliver an Emissions Disruption Redemption Event Notice pursuant to this sub-paragraph (xiv) shall be independent of (A) its delivery of a Disruption Event Notice pursuant to Condition 8 (Disruption Events and Postponement); (B) its receipt of a notice from the Carbon Counterparty (pursuant to the relevant Carbon Counterparty Agreement and Conditions 7(a) or 7(b)) that a Disrupted Offer Event, a Disrupted Disposal Period Event, a Disrupted Remaining Sale/Purchase Event or a Disrupted Settlement Event has occurred or (C) any other notification by it or by another Transaction Party pursuant to any other provision under the Conditions or the Transaction Documents that an Emissions Disruption Event has occurred.

(e) ***Purchases***

The Issuer may (without the consent of the Trustee or any Securityholder), from time to time, buy back all or some of the Carbon ETC Securities.

All Carbon ETC Securities purchased by or on behalf of the Issuer shall be cancelled. Any Carbon ETC Securities so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Carbon ETC Securities shall be discharged. In accordance with each Security Document, the Trustee will and will be deemed to release without the need for any action, notice or other formalities from such Security the relevant portion of the Secured Property relating to the Carbon ETC Securities so purchased and cancelled, including such releases as are necessary to make any related deliveries and payments under an Authorised Participant Agreement or other similar buy-back agreement with any person.

In respect of a valid Buy-Back Order, notwithstanding anything to the contrary, delivery of a number of Allowance(s) equal to the relevant Buy-Back Redemption Amount by the Issuer (or the Carbon Accounts Administrator acting on behalf of the Issuer) (by instruction to the Custodian) to the relevant Authorised Participant in respect of such Buy-Back Order of any Carbon ETC Securities shall be made only following receipt by the Issuer of a confirmation from the Issuing Agent (such confirmation copied to the Programme Administrator, the Custodian and Carbon Accounts

Administrator) that delivery of the relevant Carbon ETC Securities relating to such Buy-Back Order to the Issuer has settled. For the avoidance of doubt, Buy-Back Orders may only be requested by an Authorised Participant.

8 Disruption Events and Postponement

(a) ***Disruption Events***

Each of the Determination Agent (in relation to Allowance(s) Reference Price Source Disruptions and Force Majeure Disruption Events only) and the Programme Administrator (in relation to any Disruption Event) may (but is not obliged to), with respect to any Scheduled Valuation Day, determine that one or more Disruption Events has occurred or exists.

For these purposes:

"**Allowance(s) Reference Price Source Disruption**" means, with respect to any Allowance(s) Business Day, the Allowance(s) Reference Price is not determined and published by the Allowance(s) Reference Price Source within the time period that such rate is customarily determined and displayed (unless the Programme Administrator agrees to use such rate notwithstanding that it was determined and/or published later than is customary).

"**Disruption Event**" means, in respect of a Scheduled Valuation Day, the occurrence or existence of an Allowance(s) Reference Price Source Disruption, a Force Majeure Disruption Event or an Emissions Disruption Event on that Scheduled Valuation Day.

"**Carbon Accounts Closure Event**" means the Series Carbon Account is closed (or required to be closed) or the Registry Agreement is terminated and a replacement or successor account or agreement (as applicable) has not yet been opened or entered into, for such time until either (i) a replacement or successor has been opened or entered into or (ii) a Carbon Accounts Closure Redemption Event Notice has been given.

"**Central Administrator**" means the person designated by the EU Commission to operate and maintain the EUTL pursuant to Article 20(1) of the EU ETS Directive.

"**Emissions Administrator Event**" means the suspension of some or all of the processes of a relevant Registry, the EUTL or, if applicable, the LSTL in accordance with the Registries Regulation by the relevant National Administrator or the Central Administrator (as applicable) (i) where that Relevant Registry is not operated and maintained in accordance with the provisions of the Registries Regulation, or any other applicable law, or (ii) for the purpose of carrying out scheduled or emergency maintenance, or (iii) where there has been or following reasonable suspicion of, a breach of security which threatens the integrity of the registries system (including any back up facilities), or (iv) where the mutual recognition of EUAs under a relevant Linking Agreement has been suspended in accordance with the terms of such Linking Agreement.

"**Emissions Disruption Event**" means a Settlement Disruption Event, an Emissions Suspension Event, a Failure to Deliver, a Failure to Comply or a Carbon Accounts Closure Event.

"**Emissions Suspension Event**" means a party is unable to perform its delivery or acceptance obligations under and in accordance with the Conditions and the Scheme through a Relevant Registry as a result of any of the following events: (i) the absence of Registry Operation; or (ii) the occurrence of an Emissions Administrator Event. For the avoidance of doubt, reference to the "party" for purposes of an Emissions Suspension Event shall include the Custodian (acting on behalf of the Issuer).

"**EUTL**" means the independent transaction log provided for in Article 20(1) of the Directive, the operation of which is further detailed in Article 5 of the Registries Regulation.

"**Failure to Comply**" means the Issuer or the Carbon Counterparty (as applicable) fails to deliver all of the relevant number of EUAs comprising the Underlying Allowance(s) to be delivered under and in accordance with the Conditions as a result of the failure of the receiving party to comply with the Requirements under the Scheme and such failure is other than as a result of a Settlement Disruption Event, an Emissions Suspension Event or a Carbon Accounts Closure Event. For the avoidance of doubt, reference to the "Issuer" for purposes of a Failure to Comply shall include the Custodian (acting on behalf of the Issuer).

"**Failure to Deliver**" means the Issuer or the Carbon Counterparty (as applicable) fails to deliver all of the relevant number of EUAs comprising the Underlying Allowance(s) to be delivered under and in accordance with the Conditions and such failure occurs other than as a result of a Failure to Comply, a Settlement Disruption Event, an Emissions Suspension Event or a Carbon Accounts Closure Event. For the avoidance of doubt, reference to the "Issuer" for purposes of a Failure to Deliver shall include the Custodian (acting on behalf of the Issuer).

"**Force Majeure Disruption Event**" means, in respect of any Scheduled Valuation Day, by reason of an event or circumstance beyond the control of the Determination Agent, including by reason of a technical or operational issue, it is impossible for the Determination Agent to perform its obligations under the Determination Agent Agreement that are required to be performed for the Allowance(s) Entitlement per Carbon ETC Security and the Value per Carbon ETC Security to be determined in respect of such Scheduled Valuation Day.

"**Linking Agreement**" means an agreement between the European Union and a non-Member State on the linking of their greenhouse gas emissions trading systems as envisaged under Article 25 of the EU ETS Directive and which has entered into force in accordance with its terms, as amended from time to time.

"**LSTL**" means a transaction log of a non-Member State that is linked to the EUTL under the terms of a relevant Linking Agreement.

"**Luxembourg Account Administrator**" means the entity responsible for administering, on behalf of The Grand Duchy of Luxembourg, a set of user accounts under the jurisdiction of The Grand Duchy of Luxembourg in the Union Registry as designated in accordance with Article 7 of the Registries Regulation, being the Luxembourg Ministry of the Environment, Climate and Sustainable Development (*Ministère de l'Environnement, du Climat et du Développement durable*) as at the date of this Base Prospectus.

"**Registry Agreement**" means the agreement between the Custodian and the National Administrator of the Grand Duchy of Luxembourg governing the operation of the Series Carbon Account.

"**Registry Operation**" means, other than by reason of the occurrence of an Emissions Administrator Event:

(i) the establishment of and continuing functioning of the Relevant Registry;

(ii) the establishment of and continuing functioning of the EUTL;

(iii) the establishment of and continuing functioning of the link between each of the Relevant Registry and the EUTL; and/or

(iv) the continued functioning of the link between each of the LSTL and the EUTL.

"**Relevant Authority**" means any authority having power pursuant to the EU ETS Directive and/or the Registries Regulation to administer the Scheme, including the Central Administrator and each National Administrator as those terms are defined in the Registries Regulation.

"**Requirements under the Scheme**" means, in respect of a receiving party, each of the following requirements:

(i) ensuring that on a delivery date, it has one or more Holding Accounts validly registered in accordance with the Registries Regulation; and

(ii) conducting its affairs so as not to give any Relevant Authority cause to block, suspend, refuse, reject or cancel the transfer (whether in whole or in part) of EUAs requested to be made pursuant to and in accordance with the Conditions.

"**Settlement Disruption Event**" means an event or circumstance beyond the control of the party affected that cannot, after the use of all reasonable efforts, be overcome and which makes it impossible for that party to perform its obligations either to deliver or to accept EUAs. For the avoidance of doubt, reference to the "party" for purposes of a Settlement Disruption Event shall include the Custodian (acting on behalf of the Issuer).

(b) ***Disruption Event and Determination of Disrupted Days***

(i) If the Determination Agent determines that an Allowance(s) Reference Price Source Disruption or a Force Majeure Disruption Event has occurred or exists with respect to any Scheduled Valuation Day, the Determination Agent shall give notice of its determination to the Issuer (copied to each Transaction Party) specifying the Allowance(s) Reference Price Source Disruption or Force Majeure Disruption Event (as the case may be) which has occurred or is existing (such notice a "**Disruption Event Notice**"). The Determination Agent is not under any obligation to monitor whether or not a Disruption Event other than an Allowance(s) Reference Price Source Disruption or Force Majeure Disruption Event has occurred or is continuing with respect to any Scheduled Valuation Day and shall have no liability to the Issuer, any Securityholder or any other person for any determination or non-determination that it makes under the Determination Agent Agreement.

(ii) If the Programme Administrator determines that a Disruption Event (including an Emissions Disruption Event, as applicable) has occurred or exists with respect to any Scheduled Valuation Day, such person shall give notice of its determination to the Issuer (copied to each Transaction Party) specifying the Disruption Event or Disruption Events which have occurred or are existing (such notice a "**Disruption Event Notice**"). No such person is under any obligation to monitor whether or not a Disruption Event has occurred or is continuing with respect to any Scheduled Valuation Day and shall have no liability to the Issuer, any Securityholder or any other person for any determination or non-determination.

(iii) The Issuer shall, as soon as reasonably practicable after receipt by it of a Disruption Event Notice, publish notice thereof on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website as may be notified to Securityholders in accordance with Condition 17 from time to time).

(iv) The Carbon Counterparty may, pursuant to the relevant Carbon Counterparty Agreement and in respect of any Disruption Event, notify the Programme Administrator and the Determination Agent if it determines that such event has occurred. Any such notice by the Carbon Counterparty shall include a copy, or a description in reasonable detail, of the relevant information that reasonably confirms the facts relevant to the determination that a Disruption Event has occurred, and where applicable, which have been published in or on not less than two published or electronically displayed news sources.

The Determination Agent (in respect of an Allowance(s) Reference Price Source Disruption or a Force Majeure Disruption Event) and the Programme Administrator (in respect of a Disruption Event, including an Emissions Disruption Event) shall, in each case, acting in good

faith and in a commercially reasonable manner (and, where the Disruption Event set out in such notice is a Failure to Comply by the Carbon Counterparty or a Settlement Disruption Event affecting the Carbon Counterparty (in each case, a "**Carbon CP Specified Disruption Notice**"), acting in good faith and in a commercially reasonable manner with respect to the Carbon Counterparty (the "**Carbon CP Determination Standard**")), take any such notice from the Carbon Counterparty into account in its determination of the occurrence of the relevant Disruption Event. For the avoidance of doubt, the Programme Administrator shall not use the Carbon CP Determination Standard for the purposes of any other determination (including with respect to a Failure to Comply or Settlement Disruption Event where no Carbon CP Specified Disruption Notice was delivered).

(v) For the avoidance of doubt, delivery of a Disruption Event Notice by the Programme Administrator pursuant to Condition 8 shall be independent of its option to deliver an Emissions Disruption Redemption Event Notice.

(c) ***Postponement of Final Redemption Valuation Date or Early Redemption Valuation Date and Payment of Final Redemption Amount or Early Redemption Amount***

(i) If the Final Redemption Valuation Date or Early Redemption Valuation Date, as applicable, is a Disrupted Day, then the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable) shall be deemed to have been postponed until the first following Valuation Day that is not a Disrupted Day; provided that if no such Valuation Day has occurred on or before the 90th Scheduled Valuation Day following the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, then that 90th Scheduled Valuation Day shall be deemed to be the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, and the Programme Administrator will determine, in its sole and absolute discretion (but acting in good faith and in a commercially reasonable manner) the Allowance(s) Entitlement per Carbon ETC Security in respect of such Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, in such manner and upon such terms as the Programme Administrator shall think fit including, without limitation, by applying the relevant formula for the determination thereof but using such estimates of any component for which a value is not available as it deems fit and making such adjustments as it, in good faith and a commercially reasonable manner, deems necessary to take into account the economic effect of the Disrupted Days on and since the scheduled Early Redemption Valuation Date or scheduled Final Redemption Valuation Date, as the case may be (such determination by the Programme Administrator, the "**Fallback Valuation Date Determination**"). For the avoidance of doubt, the Programme Administrator may determine that the Allowance(s) Entitlement per Carbon ETC Security in respect of such Final Redemption Valuation Date or Early Redemption Valuation Date is zero. If the Programme Administrator has not notified such Allowance(s) Entitlement per Carbon ETC Security to the Issuer and the Determination Agent by the time to be agreed between them, then the Allowance(s) Entitlement per Carbon ETC Security for the Early Redemption Valuation Date or Final Redemption Valuation Date, as the case may be, shall be deemed to be the last determined Allowance(s) Entitlement per Carbon ETC Security.

(ii) The Issuer or the Programme Administrator (or an agent on its behalf) shall publish the Allowance(s) Entitlement per Carbon ETC Security for the Final Redemption Valuation Date or the Early Redemption Valuation Date (as applicable) determined in accordance with Condition 8(c)(i) by no later than 4.00 p.m. London time on the Business Day immediately following the date on which such Allowance(s) Entitlement per Carbon ETC Security is determined on the website maintained on behalf of the Issuer at www.etf.dws.com (or such

other website as may be notified to Securityholders in accordance with Condition 17 from time to time).

(iii) If:

(A) following postponement of the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable) in accordance with this Condition 8(c), (I) any day of the Early Redemption Disposal Period or Final Redemption Disposal Period (as applicable) falls after the original Scheduled Maturity Date and/or (II) the number of clear days between the last day of the Early Redemption Disposal Period or Final Redemption Disposal Period (as applicable) and the original Scheduled Maturity Date is less than seven Business Days; and/or

(B) the Early Redemption Valuation Date or Final Redemption Valuation Date (as postponed in accordance with this Condition 8(c)) falls on a date after the original Scheduled Maturity Date, then, in each case, the Programme Administrator may, by notice (a "**Maturity Postponement Notice**") to the Determination Agent by the sixth Business Day prior to the original Scheduled Maturity Date postpone the Scheduled Maturity Date by the number of days specified in such Maturity Postponement Notice, which number of days shall be determined by the Programme Administrator in its sole and absolute discretion.

The Issuer shall, as soon as reasonably practicable following receipt of a Maturity Postponement Notice, notify Securityholders of such postponement in accordance with Condition 17. No additional amount shall be payable to Securityholders in connection with any postponement of the payment of the Final Redemption Amount or Early Redemption Amount, as applicable.

(d) ***Disruption Events in respect of the sale and purchase of Allowance(s)***

(i) *No obligation to accept offer of sale in certain circumstances*

The Determination Agent shall not be required to notify the Issuer of the Allowance(s) Sale Request Details, the Issuer shall not be required to deliver an Allowance(s) Sale Request Notice and the Carbon Counterparty shall not be required to accept an offer of a sale of Allowance(s) from the Issuer in accordance with Condition 5(d)(i) (*Sale and Purchase of Underlying Allowance(s) following an Early Redemption Valuation Date or Final Redemption Valuation Date*) if (i) a Disruption Event occurs on the day the Allowance(s) Sale Request Notice is received by the Carbon Counterparty; (ii) the Programme Administrator and the Carbon Counterparty agree (such agreement not unreasonably withheld) that a Disruption Event (including an Emissions Disruption Event) is likely to subsist on every day during the Redemption Disposal Period such that the relevant Allowance(s) cannot be sold by the Issuer or purchased by the Carbon Counterparty (or it is not practicable to sell or purchase such Allowance(s)); (iii) an Abandonment of Scheme Redemption Event Notice has been delivered by the Issuer pursuant to Condition 7(d)(xii); (iv) the Carbon Counterparty notifies the Issuer (copied to the Programme Administrator, the Custodian, the Determination Agent and Carbon Accounts Administrator) on or prior to the day it receives the Allowance(s) Sale Request Notice, that a Carbon CP Illegality Event has occurred, pursuant to the relevant Carbon Counterparty Agreement; (v) a Carbon Accounts Closure Redemption Event Notice has been delivered by the Issuer pursuant to Condition 7(d)(xiii); (vi) an Agent/Trustee Redemption Event Notice has been delivered by the Issuer pursuant to Condition 7(d)(ii)(D) where no successor Eligible Carbon Counterparty has been appointed or Condition 7(d)(ii)(F) where no successor Eligible Custodian has been appointed; (vii) an Issuer Redemption Notice has been delivered by the Issuer pursuant to Condition 7(d)(i) following the occurrence of an Issuer Illegality Event; (viii) an Agent Bankruptcy/Breach Redemption Event Notice has

been delivered by the Issuer pursuant to Condition 7(d)(ix)(C) where no successor or replacement Eligible Carbon Counterparty has been appointed or Condition 7(d)(ix)(E) where no successor or replacement Eligible Custodian has been appointed or (ix) an EUA Regulatory Redemption Event Notice has been delivered by the Issuer pursuant to Condition 7(d)(x) (in each case, a "**Disrupted Offer Event**").

If a Disrupted Offer Event occurs, the relevant Underlying Allowance(s) shall not be sold to the Carbon Counterparty and satisfaction of the Early Redemption Amount or Final Redemption Amount (as applicable) shall be determined by the Programme Administrator in accordance with Condition 7(a) and 7(b) (as applicable).

(ii) *Disruption during Redemption Disposal Period*

(A) *No Purchases of Underlying Allowance(s) on a Disrupted Day*

Following the Carbon Counterparty's acceptance of an offer of sale pursuant to relevant Carbon Counterparty Agreement, the Carbon Counterparty may purchase the Underlying Allowance(s) specified in the corresponding Allowance(s) Sale Request Notice from the Issuer (in single or multiple transactions) on any Business Day during the Redemption Disposal Period, provided that no Disruption Event subsists on such day such that the relevant Allowance(s) cannot be sold by the Issuer or purchased by the Carbon Counterparty (or it is not practicable to sell or purchase such Allowance(s)).

(B) *Disrupted Disposal Period Event*

If a Disruption Event subsists on every day during the relevant Redemption Disposal Period such that the relevant Allowance(s) cannot be sold by the Issuer or purchased by the Carbon Counterparty (or it is not practicable to sell or purchase such Allowance(s)) (a "**Disrupted Disposal Period Event**"), the relevant Underlying Allowance(s) shall not be sold to the Carbon Counterparty and satisfaction of the Early Redemption Amount or Final Redemption Amount (as applicable) shall be determined by the Programme Administrator in accordance with Condition 7(a) and 7(b) (as applicable).

(C) *Disrupted Remaining Sale/Purchase Event*

Provided that the Carbon Counterparty has acted in good faith and in a commercially reasonable manner in respect of the sale and purchase of Underlying Allowance(s) with a view to purchasing all Underlying Allowance(s) specified in the corresponding Allowance(s) Sale Request Notice by the end of the last day of the Redemption Disposal Period, if on the last day of the Redemption Disposal Period which is a Business Day:

(I) there are relevant remaining Underlying Allowance(s) in respect of which Price Confirmation Notice(s) have not yet been delivered by the Carbon Counterparty pursuant to the relevant Carbon Counterparty Agreement; and

(II) any or all of the following apply:

(1) a Disruption Event subsists on such day such that the relevant remaining Underlying Allowance(s) specified in the corresponding Allowance(s) Sale Request Notice cannot be sold by the Issuer or purchased by the Carbon Counterparty (or it is not practicable to sell or purchase such Allowance(s)) on such day;

(2) the Programme Administrator and the Carbon Counterparty agree that such Underlying Allowance(s) remain as a direct result of the exercise of a Carbon CP Suspension Election;

(3) the Programme Administrator and the Carbon Counterparty agree (such agreement not to be unreasonably withheld) that such Underlying Allowance(s) remain as a direct result of a temporary or permanent disruption to the Allowance(s) market such that the Carbon Counterparty is unable to (x) purchase Allowance(s) from the Issuer or (y) sell an equivalent quantity of Allowance(s) to other parties at a market price, in each case, in the volumes required during the relevant Redemption Disposal Period;

(4) the Programme Administrator and the Carbon Counterparty agree (such agreement not to be unreasonably withheld) that such Underlying Allowance(s) remain because the performance by the Carbon Counterparty of its obligations (excluding this provision) would cause the Carbon Counterparty to breach or contribute to the Carbon Counterparty breaching position limits imposed on the Carbon Counterparty in respect of Allowance(s) due to the adoption of, or change in the reasonable interpretation of, any applicable law, regulation, rule, order, ruling or procedure;

(5) the Programme Administrator and the Carbon Counterparty agree that such Underlying Allowance(s) remain as a direct result of an Abandonment of Scheme;

(6) the Carbon Counterparty notifies the Issuer (copied to the Programme Administrator, the Custodian, the Determination Agent and the Carbon Accounts Administrator) that a Carbon CP Illegality Event has occurred during the relevant Redemption Disposal Period and the Programme Administrator and the Carbon Counterparty agree that such Underlying Allowance(s) remain as a direct result of such Carbon CP Illegality Event;

(7) the Programme Administrator and the Carbon Counterparty agree that such Underlying Allowance(s) remain as a direct result of a Carbon CP Replacement Failure or a Carbon CP Bankruptcy Replacement Failure;

(8) the Programme Administrator and the Carbon Counterparty agree that such Underlying Allowance(s) remain as a direct result of a Custodian Replacement Failure or a Custodian Bankruptcy/Breach/Illegality Replacement Failure; or

(9) the Programme Administrator and the Carbon Counterparty agree that such Underlying Allowance(s) remain as a direct result of an Issuer Illegality Event or an EUA Regulatory Event,

such event, a "**Disrupted Remaining Sale/Purchase Event**", the relevant Underlying Allowance(s) shall not be sold to the Carbon Counterparty and satisfaction of the Early Redemption Amount or Final Redemption Amount (as applicable) shall be determined by the Programme Administrator in accordance with Condition 7(a) and 7(b) (as applicable).

(iii) *No Settlement of Underlying Allowance(s) on a Disrupted Day*

If no Disruption Event subsisted at the time on which a Price Confirmation Notice was delivered by the Carbon Counterparty to the Issuer for the purposes of purchasing Underlying Allowance(s) from the Issuer but a Disruption Event (including, for the avoidance of doubt, an Emissions Disruption Event) subsequently occurs on such day at the time of transfer of the relevant number of Confirmed Underlying Allowance(s) to the Carbon Counterparty's specified carbon account such that the sale and purchase of the relevant Confirmed Underlying Allowance(s) cannot be settled (or it is not practicable to effect such settlement), the Carbon Counterparty shall notify the Issuer, the Programme Administrator and the other parties pursuant to the relevant Carbon Counterparty Agreement as soon as reasonably practicable.

Following the Programme Administrator's receipt of such notice and subject to a Carbon CP Suspension Election, the Issuer, the Programme Administrator, the Carbon Accounts Administrator and the Carbon Counterparty shall agree for the transfer of the relevant number of Confirmed Underlying Allowance(s) and for corresponding payment of Net Sale Proceeds, in each case, to be made on another day for purposes of settling the sale and purchase of such Allowance(s) (and such day of payment of Net Sale Proceeds by the Carbon Counterparty to the Issuer shall be deemed the Relevant Underlying Allowance(s) Payment Date), provided that (x) such deemed Relevant Underlying Allowance(s) Payment Date falls on or prior to the Settlement Long-Stop Date, (y) no Disruption Event subsists on the day the relevant number of Confirmed Underlying Allowance(s) are transferred and (z) no Abandonment of Scheme, Carbon CP Illegality Event (as notified by the Carbon Counterparty pursuant to the relevant Carbon Counterparty Agreement), Carbon CP Replacement Failure, Carbon CP Bankruptcy Replacement Failure, Custodian Replacement Failure, Custodian Bankruptcy/Breach/Illegality Replacement Failure, Issuer Illegality Event or EUA Regulatory Event occurs between the original date of transfer of the relevant number of Confirmed Underlying Allowance(s) to the Carbon Counterparty and the amended date the relevant number of Confirmed Underlying Allowance(s) are transferred. For the avoidance of doubt, where such attempt to re-settle the sale and purchase of the Allowance(s) fails due to an event pursuant to sub-paragraph (z), such Allowance(s) may become subject to a Disrupted Remaining Sale/Purchase Event and where such re-settlement fails due to an event pursuant to sub-paragraph (y), such Allowance(s) may become subject to a Disrupted Settlement Event (and if a Disrupted Remaining Sale/Purchase Event or Disrupted Settlement Event occurs, the relevant Underlying Allowance(s) shall not be sold to the Carbon Counterparty and satisfaction of the Early Redemption Amount or Final Redemption Amount (as applicable) shall be determined by the Programme Administrator in accordance with Condition 7(a) and 7(b) (as applicable)).

If the settlement for the sale and purchase of such Allowance(s) failed due to a Failure to Deliver, the Carbon Counterparty may suspend further deliveries of Price Confirmation Notice(s) up to, and including, the day on which such Failure to Deliver is resolved (if exercised, a "**Carbon CP Suspension Election**"). Such suspension shall cease following resolution of such Failure to Deliver.

If, following the disrupted settlement on the original date on which the relevant number of Confirmed Underlying Allowance(s) were to be transferred, a Disruption Event (including, for the avoidance of doubt, a Failure to Deliver) subsists on every day up to, and including, the last day of the relevant Redemption Disposal Period, such that the sale and purchase of the relevant Confirmed Underlying Allowance(s) cannot be settled (or it is not practicable to effect such settlement) (such event, a "**Disrupted Settlement Event**"), the Issuer and the Carbon Counterparty shall not continue to attempt settlement of such Allowance(s) and satisfaction

of the Early Redemption Amount or Final Redemption Amount (as applicable) shall be determined by the Programme Administrator in accordance with Condition 7(a) and 7(b) (as applicable).

For the avoidance of doubt, a Disrupted Settlement Event and a Disrupted Remaining Sale/Purchase Event may occur in parallel.

9 Successor Price Source, Replacement Price Source and related Amendments

(a) ***Successor Reference Rate and Successor Price Source***

If on any day the Programme Administrator determines that a Reference Rate has been replaced by a successor reference rate acceptable to the Programme Administrator (in circumstances other than where there has been a Reference Rate Event), then the Programme Administrator will notify the Issuer of such determination (each such notice will be copied to each Transaction Party), and such successor reference rate (the "**Successor Reference Rate**") shall be deemed to be such Reference Rate for the purposes of the Carbon ETC Securities but provided that it shall not affect any calculations or determinations already made using the Reference Rate as it applied immediately prior to such succession. The Issuer shall notify the Securityholders in accordance with Condition 17 as soon as reasonably practicable after receipt of any such notice from a determining party of the replacement of a Reference Rate with a Successor Reference Rate.

In addition, if on any day the Programme Administrator determines that a Price Source relating to a Reference Rate no longer displays such Reference Rate notwithstanding that such Reference Rate continues to be determined, then the Programme Administrator will notify the Issuer of such determination (each such notice will be copied to each Transaction Party) and shall specify a replacement Price Source that does display such Reference Rate, and such successor price source (the "**Successor Price Source**") shall be deemed to be the relevant Price Source for such Reference Rate for the purposes of the Carbon ETC Securities but provided that it shall not affect any calculations or determinations already made. The Issuer shall notify the Securityholders in accordance with Condition 17 as soon as reasonably practicable after receipt of any such notice from a determining party of the replacement of a Reference Rate with a Successor Reference Rate.

(b) ***Replacement Reference Rate***

If, in respect of this Series of Carbon ETC Securities, the Programme Administrator determines that a Reference Rate Event has occurred in respect of a Reference Rate and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer (such notice, the "**Reference Rate Event Notice**"), then:

(i) promptly upon receiving the Reference Rate Event Notice, the Issuer shall deliver a notice containing the same details to each other Transaction Party) and, in accordance with Condition 17, the Securityholders;

(ii) the Programme Administrator shall attempt to identify a Replacement Reference Rate as soon as reasonably practicable and, where applicable, shall attempt to identify a replacement Price Source for such Replacement Reference Rate;

(iii) the Programme Administrator shall determine whether any adjustments need to be made to the Replacement Reference Rate in order to reduce or eliminate, to the extent reasonably practicable, any increase or reduction in value that will be received by the Securityholders as a result of replacement of the Reference Rate with the Replacement Reference Rate (an "**Adjustment Spread**");

(iv) if the Programme Administrator identifies a Replacement Reference Rate pursuant to paragraph (ii) above and determines an Adjustment Spread pursuant to paragraph (iii) above:

(A) the Programme Administrator shall determine the day from which the Replacement Reference Rate shall replace the Reference Rate, which shall be as soon as reasonably practicable on or following the delivery of the Reference Rate Event Notice and such Replacement Reference Rate (subject to any Adjustment Spread) shall replace the Reference Rate from such date and the Price Source for such Replacement Reference Rate shall be that determined by the Programme Administrator;

(B) the Programme Administrator shall deliver a notice to the Issuer and the Trustee which specifies any Replacement Reference Rate, any Adjustment Spread and any related amendments (such notice, the "**Replacement Details Notice**") and, promptly upon receiving the Replacement Details Notice, the Issuer shall deliver a notice containing the same details to the other Transaction Parties) and, in accordance with Condition 17, the Securityholders.

None of the Issuer, the Programme Administrator, the Determination Agent or the Trustee (or any other Transaction Party) shall have any duty to monitor, enquire or satisfy itself as to whether any Reference Rate Event has occurred.

Notwithstanding the above, the Programme Administrator may determine that in its opinion no such replacement of the Reference Rate is needed on the basis that such replacement would not have a material benefit to the ongoing operation of the Carbon ETC Securities of such Series.

(c) ***Amendments***

In respect of any successor or replacement Reference Rate determined pursuant to Condition 9(a) or (b) above, and subject to such Conditions, the Issuer shall be entitled without the consent of the Securityholders, the Trustee or any other person (but, save for the Conditions and any Final Terms, with the consent of any other party to that Transaction Document where it is a Transaction Document being amended), to make (or deem to be made) such amendment, adjustments, replacements or restatements to the Conditions, to any Final Terms and to any Transaction Document as it determines necessary or desirable to reflect or detail such successor or replacement or that it determines necessary or appropriate in order to account for the effect of the replacement of the Reference Rate with the Successor Reference Rate or the Replacement Reference Rate (as adjusted by the Adjustment Spread), as applicable, and/or to preserve as nearly as practicable the economic equivalence of the Carbon ETC Securities before and after the replacement of the Reference Rate with the Successor Reference Rate or the Replacement Reference Rate (as adjusted by the Adjustment Spread), as applicable.

10 Payments and Deliveries, Calculations, Agents and Records

(a) ***Taxes***

(i) *Tax withholding/deduction required by law*

All payments in respect of the Carbon ETC Securities will be made subject to any withholding or deduction for, or on account of, any Taxes, if and only to the extent so required by applicable laws. In such case, the Paying Agent shall make the relevant payment in respect of such Carbon ETC Securities pursuant to the relevant Agency Agreement after such deduction or withholding (as applicable) has been made and shall account to the relevant Authority (as defined in the relevant Agency Agreement) within the time allowed for the

amount so deducted or withheld and the Securityholders shall not be entitled to receive amounts or assets to compensate for any such deduction or withholding. No Event of Default shall occur as a result of any such deduction or withholding.

(ii) *VAT, UK VAT or Jersey GST (as applicable) on deliveries*

For the avoidance of doubt, any VAT, UK VAT or Jersey GST (as applicable) payable in respect of transfer of Allowance(s) (i) by the Authorised Participant to the Issuer on subscription or (ii) by the Issuer to the Authorised Participant on buy-back shall be borne, in each case, by such Authorised Participant in accordance with clauses 7.7 and 7.8 of the relevant Authorised Participant Agreement.

(b) ***Payments and Deliveries***

(i) For as long as the Carbon ETC Securities are represented by a Global Security deposited with a Relevant Clearing System and held by the Relevant Clearing System or a common depositary, common safekeeper or nominee, as applicable, on behalf of the Relevant Clearing System, the obligations of the Issuer under the Conditions to make payments in respect of the Carbon ETC Securities will be discharged by payment to, or to the order of, the holder of the Global Security, subject to and in accordance with the terms of such Global Security and provided that any presentation of the Global Security for such purpose is made outside the United States of America. Each of the persons shown in the records of the Relevant Clearing System as owning Carbon ETC Securities represented by such Global Security must look solely to the Relevant Clearing System for his share of any payment made by the Issuer to or to the order of the holder of the Global Security. Payments made to any person shown in the records of the Relevant Clearing System as owning any Carbon ETC Security represented by the Global Security shall be subject to and made in accordance with the rules of the Relevant Clearing System.

(ii) Any payments that are made in respect of a Global Security shall be made to its holder against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of the Paying Agent.

(iii) If any payments are made in respect of Carbon ETC Securities represented by a Global Security, a record of each such payment shall be endorsed by or on behalf of the Paying Agent on a schedule thereto (such endorsement being *prima facie* evidence that the payment in question has been made). Authorised Participants may also request Buy-Back Orders. In respect of a valid Buy-Back Order, notwithstanding anything to the contrary, delivery of a number of Allowance(s) equal to the relevant Buy-Back Redemption Amount by the Issuer to the relevant Authorised Participant in respect of such Buy-Back Order of any Carbon ETC Securities shall be made in accordance with Condition 7(e) (*Purchases*).

(c) ***Payments and Deliveries Subject to Fiscal Laws***

All payments (and deliveries of Allowance(s) on buy-back) in respect of the Carbon ETC Securities will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or delivery (as applicable) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto or pursuant to Condition 10(a) (*Taxes*) above.

No commission or expenses shall be charged to the Securityholders in respect of such payments or deliveries (as applicable, except in respect of the Product Fee) and no payments or deliveries will be made at any office of a Paying Agent in the United States of America.

(d) ***Calculations and Determinations***

(i) The Determination Agent and the Issuing Agent shall, in each case, as soon as practicable on such date and/or at such time as the Determination Agent or Issuing Agent (as applicable) is required in accordance with the Determination Agent Agreement or the Agency Agreement (as applicable) and the Conditions and any other Relevant Provisions, perform such duties and obligations as are required to be performed by it in accordance therewith.

In respect of the Determination Agent, if (I) the appointment of the Determination Agent is terminated in connection with a Determination Agent Bankruptcy Event, Determination Agent Regulatory Breach or a Determination Agreement Breach (and the Issuer opts to terminate the appointment of the Determination Agent) or (II) the Determination Agent resigns or its appointment is terminated and the Determination Agent fails to perform its duties and obligations under the relevant Determination Agent Agreement in the period prior to the effective date of such resignation or termination, the Issuer (or an agent on its behalf) shall as soon as reasonably practicable after becoming aware of the foregoing notify the Programme Administrator, the Trustee and the Carbon Counterparty, the Issuing Agent, the Paying Agent, the Custodian, the Carbon Accounts Administrator thereof. As soon as reasonably practicable after receipt of such notice (taking into account the time required for the Programme Administrator to put in place the relevant systems and procedures), the Programme Administrator has agreed in the Programme Administrator Agreement to act as agent of the Issuer (or, if the Trustee so requests following the occurrence of an Event of Default or Potential Event of Default or after the Security has become enforceable, as agent for the Trustee) and will use reasonable efforts to perform the duties and obligations of the Determination Agent on a temporary basis, until such time as a replacement Determination Agent is appointed. In doing so, the Programme Administrator shall apply the provisions of the Determination Agent Agreement, the Conditions, the relevant Transaction Document(s) and the other Relevant Provisions, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in the circumstances.

(ii) Without prejudice to Condition 10(d)(vi) (*Calculations and Determinations*), the Programme Administrator shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Securityholder, any other Transaction Party or any other person for any Loss incurred by any such person that arises out of or in connection with the performance by the Programme Administrator of its obligations under the Programme Administrator Agreement, the Conditions or any other Transaction Document to which it is a party, provided that nothing shall relieve the Programme Administrator from any Loss arising by reason of acts or omissions constituting bad faith, fraud, wilful default or gross negligence of the Programme Administrator (any such act or omission, a "**Programme Administrator Breach**").

(iii) If the Programme Administrator would, but for the operation of this Condition 10(d)(iii), be held liable for any Loss arising as the result of a Programme Administrator Breach, the Programme Administrator shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Programme Administrator Breach results from the Programme Administrator complying with any specific instruction or express direction from any director of the Issuer (whether received in electronic form or otherwise).

(iv) If the Programme Administrator would, but for the operation of this Condition 10(d)(iv), be held liable for any Loss arising as the result of a Programme Administrator Breach, the Programme Administrator shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Programme

Administrator Breach results solely and directly from either the failure by any other Transaction Party to provide any notice, instruction or direction which such Transaction Party is required or permitted to give under the Conditions or any relevant Transaction Document or a delay in the delivery by any other Transaction Party of any notice, instruction or direction which such Transaction Party is required or permitted to give to the Determination Agent and/or the Programme Administrator under the Conditions or any relevant Transaction Document.

(v) If the Programme Administrator would, but for the operation of this Condition 10(d)(v), be held liable for any Loss arising as the result of a Programme Administrator Breach, the Programme Administrator shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Programme Administrator Breach results solely and directly from the reliance by the Programme Administrator upon a rate, amount, quotation, value, other calculation or determination or other information which is made or provided by another Transaction Party in accordance with the Conditions and the terms of any relevant Transaction Document and notified to the Programme Administrator pursuant to the Conditions and the relevant Transaction Document.

(vi) Notwithstanding anything to the contrary in the Programme Administrator Agreement, these Conditions or any other Transaction Document, the Programme Administrator shall not be liable to the Issuer, the Securityholders, any Transaction Party or any other person for any calculations, determinations (or any delay in making any calculation or determination), actions or omissions made by the Programme Administrator in connection with the performance of the duties and obligations of the Determination Agent pursuant to this Condition 10(d) unless fraudulent or made in bad faith. Without prejudice to anything in this Condition 10(d)(vi), the Programme Administrator shall have the benefit of the provisions of Condition 10(f) relating to the Determination Agent in respect of any calculations, determinations, actions or omissions made by the Programme Administrator in connection with the performance by the Programme Administrator of the duties and obligations of the Determination Agent pursuant to this Condition 10(d).

(vii) The determination by the Determination Agent, the Issuing Agent or the Programme Administrator, as applicable, of any amount, rate, value or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by such party under the Relevant Provisions are, in each case, required under the terms of the relevant Determination Agent Agreement, Agency Agreement or Programme Administrator Agreement, as the case may be, to be made in good faith and shall (in the absence of manifest error) be final and binding on the Issuer, the Securityholders and the Transaction Parties.

(e) ***Determination or Calculation by Trustee***

If at any time after the Security has become enforceable pursuant to Condition 5(e) and the relevant Security Documents and (i) the Determination Agent does not make any determination or calculation relating to the Allowance(s) Entitlement per Carbon ETC Security, Value per Carbon ETC Security, Final Allowance(s) Redemption Amount, Early Allowance(s) Redemption Amount, Final Redemption Amount or Early Redemption Amount when required pursuant to the Conditions and the Transaction Documents and/or (ii) the Programme Administrator has not made any determination or calculation relating thereto and/or (iii) a Programme Administrator Bankruptcy Event has occurred, then the Trustee may make any determination or calculation in place of the Determination Agent (or may appoint an agent on its behalf to do so), provided that the Trustee shall have been pre-funded and/or secured and/or indemnified to its satisfaction. Any such

determination or calculation made by the Trustee (or agent) shall for the purposes of the Conditions and the Transaction Documents be deemed to have been made by the Determination Agent. In doing so, the Trustee (or agent) shall apply the provisions of the Conditions and/or the relevant Transaction Document(s), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in the circumstances. The Trustee shall not be liable to the Issuer, the Securityholders or any Transaction Party for any calculations and determinations (or any delay in making any calculation or determination) so made unless fraudulent.

(f) ***Determination Agent and Programme Administrator***

(i) The Determination Agent shall exercise reasonable care in the performance of its duties under the relevant Determination Agent Agreement, these Conditions or any other Transaction Document to which it is a party and shall not be liable for any loss of any nature whatsoever suffered by the Issuer, any Securityholder, any other Transaction Party or any other person in connection with the performance by it of its obligations under the relevant Determination Agent Agreement, these Conditions or any other such Transaction Document, except (i) a loss resulting directly from gross negligence, wilful misconduct, bad faith or fraud on the part of the Determination Agent or (ii) without prejudice to anything in this Condition 10(f)(i), a loss resulting directly from the failure by the Determination Agent to make, when due, any calculation or determination, or give any such notice, consent, authorisation or instruction required under any express provision of the relevant Determination Agent Agreement (any such act, omission or failure under sub-paragraph (i) or (ii), a "**Determination Agent Breach**"). A Determination Agent shall not be liable for any indirect, special or consequential loss howsoever arising.

The Determination Agent shall not be liable to the Issuer, any Securityholder, any other Transaction Party or any other person for any Damages (as defined in the relevant Determination Agent Agreement) incurred by any such person that may arise (including, but not limited to, Damages as a result of any direct or indirect economic loss of, for example and where applicable, profit, or expected management performance fees, or goodwill or business reputation, or valuation of, or investment in, any Carbon ETC Securities) out of or in connection with the performance by the Determination Agent of its obligations under the relevant Determination Agent Agreement, these Conditions or any other Transaction Document to which it is a party relating to the relevant Series of Carbon ETC Securities.

In the event of a breach by the Determination Agent of its contractual duties under the relevant Determination Agent Agreement, these Conditions or any other Transaction Document to which it is a party relating to the relevant Series of Carbon ETC Securities (such breach being a Determination Agent Breach), any claims for remedy by the Issuer, any Securityholder, any other Transaction Party or any other person shall, to the extent permitted by applicable laws, be exclusively limited to the recovery of damages so as not to exceed in value the sum of the Determination Agent's annual fees and remuneration.

For the avoidance of doubt, this Condition 10(f)(i) is not intended to limit the Determination Agent's liability in the event of loss arising from the Determination Agent's gross negligence, fraud, bad faith or wilful misconduct.

In addition, and without prejudice to anything in this Condition 10(f)(i) if the Determination Agent would, but for the operation of this Condition 10(f)(i), be held liable for any loss or Damages (as defined in the relevant Determination Agent Agreement) arising as the result of a Determination Agent Breach by it, the Determination Agent shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Determination Agent Breach results solely and directly from:

(A) the Determination Agent complying with any specific instruction or express direction from any director of the Issuer (whether received in electronic form or otherwise);

(B) either (i) the failure by any other Transaction Party to provide any notice, instruction or direction which such Transaction Party is required or permitted to give under the Conditions or any relevant Transaction Document or (ii) a delay in the delivery by any other Transaction Party of any notice, instruction or direction which such Transaction Party is required or permitted to give to the Determination Agent under the Conditions or any relevant Transaction Document; or

(C) the reliance by the Determination Agent upon a rate, amount, quotation, value, other calculation or determination or other information notified to the Determination Agent pursuant to the Conditions and/or any relevant Transaction Document which is made or provided by another Transaction Party in accordance with the Conditions and the terms of any relevant Transaction Document.

(ii) Neither the Determination Agent nor the Programme Administrator has any duties or responsibilities except those expressly set forth in the Relevant Provisions and no implied or inferred duties or obligations of any kind will be read into the relevant agreements against or on the part of the Determination Agent or the Programme Administrator (as applicable). Neither the Determination Agent nor the Programme Administrator (as applicable) shall, or shall be deemed to, assume or be liable for the obligations or duties of the Issuer or any other person under the Conditions, the Trust Deed or any other Transaction Document (except as otherwise set out in clause 7.2 (*No implied duties of the Programme Administrator*) of the Programme Administrator Agreement, in respect of the Programme Administrator and unless, in the case of the Determination Agent, otherwise agreed pursuant to the Relevant Provisions.

(iii) The Determination Agent and the Programme Administrator (as applicable) may consult, on any legal matter which it believes in good faith requires such consultation, any legal or other professional advisers reasonably selected by it, who may be employees of or advisers to the Issuer, and it shall not be liable in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with the opinion of such adviser(s).

(iv) Neither the Determination Agent nor the Programme Administrator will incur any liability to any person in acting upon any Carbon ETC Security, signature, or other document or information from any electronic or other source reasonably believed by it to be genuine and believed by it to have been signed or otherwise given or disseminated by the proper party or parties, in each case received by it in connection with the performance of its duties under the Determination Agent Agreement or the Programme Administrator Agreement (as the case may be).

(v) The Determination Agent and the Programme Administrator, respectively, whether or not acting for themselves, may acquire, hold or dispose of any Carbon ETC Security or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person, and may act on, or as depositary, trustee or agent for, any committee or body of holders of securities of any such person, in each case with the same rights as it would have had if that Determination Agent or Programme Administrator, as applicable, were not a Determination Agent or Programme Administrator, as applicable, under the Determination Agent Agreement or Programme Administrator Agreement, as applicable, and need not account for any profit.

(vi) Save as otherwise provided in the Determination Agent Agreement, the Programme Administrator Agreement, and the other Relevant Provisions, neither the Determination Agent nor the Programme Administrator shall be required to expend or risk its own funds or

otherwise to incur any liability, financial or otherwise (other than such costs and expenditure contemplated by the Relevant Provisions and/or incurred in the ordinary performance of its respective duties and obligations under the relevant agreement and any ordinary office expenses, remuneration of directors or employees or general operating costs of the Determination Agent or the Programme Administrator (as applicable) (whether incurred in connection with the performance of its obligations under the Relevant Provisions or otherwise)) if it shall have reasonable grounds for believing that repayment of such funds or the provision of an indemnity satisfactory to it against such risk or liability is not assured to it.

(vii) Neither the Determination Agent nor the Programme Administrator is bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document received by it from the Issuer or any other Transaction Party.

(viii) To the extent that the Determination Agent or the Programme Administrator requires clarification of its duties pursuant to the Relevant Provisions, the Determination Agent or the Programme Administrator (as applicable) is entitled to seek instructions from, and to rely entirely and act on the instructions received from, the Issuer and, without prejudice to the standard of care, limitation of liability, force majeure and the indemnity provisions in the Determination Agent Agreement or the Programme Administrator Agreement (as applicable), neither the Determination Agent nor the Programme Administrator (as applicable) will be responsible for any action it takes in accordance with such instructions.

(ix) If the Issuer expressly instructs the Determination Agent or the Programme Administrator to take any action not contemplated by the Relevant Provisions, neither the Determination Agent nor the Programme Administrator (as applicable) shall, without prejudice to the standard of care, limitation of liability, force majeure and indemnity provisions in the Determination Agent Agreement or the Programme Administrator Agreement (as applicable), be responsible for any action it takes on behalf of the Issuer in accordance with such instructions.

(x) The Determination Agent and the Programme Administrator will have no responsibility or liability for any Loss (in the case of the Programme Administrator Agreement) or loss or Damages (as defined in, and in the case of the Determination Agent Agreement), resulting from its being unable to perform any functions or obligations under the Determination Agent Agreement or the Programme Administrator Agreement (as applicable) if the same results from any law, regulation or requirement (whether or not having the force of law) of any central bank or governmental or other regulatory authority affecting it. Nothing in the Determination Agent Agreement, Programme Administrator Agreement or any other Transaction Document shall require the Determination Agent or the Programme Administrator (as applicable) to take any action or refrain from taking any action if the same would be contrary to any applicable law, regulation or requirement of any central bank or government or other regulatory authority affecting it, provided that (in the case of the Determination Agent Agreement) the Determination Agent has obtained or maintained all necessary licences and approvals to carry on business of the same type as that provided under the Determination Agent Agreement.

(xi) Subject to the Relevant Provisions, the Determination Agent shall have no obligation to notify anyone of the execution of the relevant Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, a Potential Event of Default or an Early Redemption Event (or any event which with the passing of time or the giving of a notice would constitute an Early Redemption Event) has occurred in relation to the relevant Series of Carbon ETC Securities (other than as required pursuant to Condition 7(d)(iii) with respect to a Value per Carbon ETC Security Threshold Redemption Event) or if the Security under the

relevant Security Documents has become enforceable. Until the Determination Agent has actual knowledge or express notice to the contrary, it may assume that no such event has occurred and that the Issuer and all other Transaction Parties (other than itself) are performing all their respective obligations under the Carbon ETC Securities of the relevant Series of Carbon ETC Securities and the other Transaction Documents. Subject to the delegation of duties provision in the relevant Determination Agent Agreement, the Determination Agent shall not be responsible for monitoring or supervising the performance by any other person (other than itself) of such person's obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Determination Agent shall not be responsible for any errors made by the Issuer, the Trustee, the Programme Administrator, the Carbon Accounts Administrator, the Custodian, the Carbon Counterparty or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them. The Determination Agent shall not be liable to the Issuer or any Transaction Party for any loss which may be sustained in the purchase, holding or sale of any Allowance(s) or other asset by the Issuer or any Transaction Party.

(xii) The Programme Administrator shall have no obligation to notify anyone of the execution of any Transaction Document or do anything to find out if an Event of Default, a Potential Event of Default or an Early Redemption Event (or any event which with the passing of time or the giving of a notice would constitute an Early Redemption Event) has occurred in relation to the relevant Series of Carbon ETC Securities or if the Security under the relevant Security Documents has become enforceable. The Programme Administrator shall not be responsible for monitoring or supervising the performance by any person (other than itself) of such person's obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Programme Administrator shall not be responsible for any errors made by the Issuer, the Trustee, the Determination Agent, the Carbon Accounts Administrator, the Custodian, the Carbon Counterparty or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them.

(g) ***Appointment of Agents and Service Providers***

Save as provided below, the Agents (other than the Carbon Counterparty) act solely as agents of the Issuer. The Agents do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time without the consent of the Trustee or the Securityholders to vary or terminate the appointment or agreement to act (as applicable) of the Issuing Agent, any other Paying Agent, the Carbon Counterparty, the Carbon Accounts Administrator, the Custodian, the Programme Administrator or the Determination Agent and to appoint additional or other Paying Agents or Issuing Agents. Without prejudice to the provisions for the automatic termination of the appointment of an Agent in connection, *inter alia*, with the occurrence of an insolvency or similar event or proceedings or contractual breach of the relevant Agent's obligations (as applicable) in the relevant Transaction Documents, the Issuer shall use reasonable endeavours to at all times maintain (i) an Issuing Agent, (ii) a relevant Paying Agent, (iii) a Determination Agent, (iv) a Programme Administrator, (v) a Carbon Counterparty, (vi) a Carbon Accounts Administrator, (vii) a Custodian and (viii) such other agents as may be required by any stock exchange on which the Carbon ETC Securities may be listed. Any replacement Carbon Counterparty is required at the time of appointment to be an Eligible Carbon Counterparty, any replacement Determination Agent is required at the time of appointment to be an Eligible Determination Agent (as defined in the relevant Determination Agent Agreement), any replacement Carbon Accounts Administrator is required at the time of appointment to be an Eligible Carbon Accounts Administrator, any replacement Programme Administrator is required at the time of appointment to be a leading bank, asset manager, financial institution or investment banking firm

that is an Eligible Programme Administrator and any replacement Custodian is required at the time of appointment to be an Eligible Custodian**.** Notice of any change of Agent or any change to the specified office of an Agent shall promptly be given to the Securityholders by the Issuer in accordance with Condition 17.

(h) ***Business Day Convention and Non-Payment Business Days***

If any date for payment in respect of any Carbon ETC Security is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day or to any interest or other sum in respect of such postponed payment.

(i) ***Records***

For so long as the Carbon ETC Securities are Bearer Securities represented by a Global Security in NGN form, the records of the Relevant Clearing System(s) (which expression in this Condition 10(i) means the records that each Relevant Clearing System or the Relevant Clearing System, as applicable, holds for its customers which reflect the amount of such customers' interests in the Carbon ETC Securities) shall be conclusive evidence of the number of the Carbon ETC Securities represented by the Global Security and, for these purposes, a statement issued by the Relevant Clearing System (which statement shall be made available to the bearer upon request) stating the number of Carbon ETC Securities represented by the Global Security at any time shall be conclusive evidence of the records of the Relevant Clearing System at that time.

(j) ***Negotiability of Global Security***

The Global Security is a bearer document and negotiable and accordingly:

(i) is freely transferable by delivery and such transfer shall operate to confer upon the transferee all rights and benefits appertaining hereto and to bind the transferee with all obligations appertaining hereto pursuant to these Conditions;

(ii) the holder of the Global Security is and shall be absolutely entitled as against all previous holders to receive all amounts by way of amounts payable upon redemption or otherwise payable in respect of the Global Security and the Issuer waives as against such holder and any previous holder of the Global Security all rights of set-off or counterclaim that would or might otherwise be available to it in respect of the obligations evidenced by the Global Security; and

(iii) payment upon due presentation of the Global Security will operate as a good discharge against such holder and all previous holders of the Global Security.

(k) ***Determinations by the Issuer***

The Issuer shall make any determinations that it is required to make and exercise any discretions that it may have pursuant to these Conditions in good faith and a commercially reasonable manner.

11 Prescription

Claims against the Issuer for payment under the Conditions in respect of the Carbon ETC Securities shall be prescribed and become void unless made within ten years from the date on which the payment of the relevant amount in respect of the Carbon ETC Securities first became due.

12 Events of Default

If any of the following events (each an "**Event of Default**") occurs, the Trustee at its discretion may, or shall, if so directed in writing by holders of at least one-fifth in number of the Carbon ETC Securities then outstanding or if so directed by an Extraordinary Resolution (provided that in each case the Trustee shall

have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer (copied to each Transaction Party)) (such notice an "**Event of Default Redemption Notice**") that the Carbon ETC Securities shall become due and payable at their Early Redemption Amount on the Scheduled Early Redemption Date:

(i) the Issuer does not perform or comply with any one or more of its obligations (other than an obligation to pay Principal in respect of the relevant series of Carbon ETC Securities on the Scheduled Maturity Date or the relevant Scheduled Early Redemption Date (if applicable) to the relevant Securityholder(s)) under the Carbon ETC Securities, the Security Documents or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee (and, for these purposes, a failure to perform or comply with an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or

(ii) any of the following events (each an "**Issuer Insolvency Event**") occurs for a Series, such that the Issuer:

(a) save to the extent contemplated in the Security Documents for that Series, makes a general assignment, arrangement, scheme or composition with or for the benefit of the Securityholders, or such a general assignment, arrangement, scheme or composition becomes effective;

(b) institutes or has instituted against it, by a regulator, supervisor or any similar official with insolvency, rehabilitative or regulatory jurisdiction over it, a proceeding seeking a judgment of insolvency, examinership, bankruptcy or any other similar relief under any bankruptcy, examinership or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) by it or such regulator, supervisor or similar official;

(c) has instituted against it, by a person or entity not described in paragraph (b) above, a proceeding seeking a judgment of insolvency, examinership or bankruptcy or any other similar relief under any bankruptcy, examinership or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition (A) results in a judgment of insolvency, examinership or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(d) has a resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution;

(e) seeks or becomes subject to the appointment of an administrator, examiner, provisional liquidator, conservator, receiver, trustee, custodian or other similar official or any application made or petition lodged or documents filed with the court or administrator in relation to the Issuer or the Programme (as appropriate)) for it or for any assets on which the liabilities of the Issuer under the relevant Carbon ETC Securities are secured pursuant to the Security Documents for that Series;

(f) other than the Trustee for that Series in circumstances where the Trustee is enforcing the Security pursuant to the Security Documents or any other Transaction Party in the performance of their respective roles, has a secured creditor other than a Secured Creditor

take possession by way of enforcement of any assets on which the liabilities of the Issuer under the relevant Carbon ETC Securities are secured pursuant to the Security Documents for that Series or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against any assets on which the liabilities of the Issuer under the relevant Carbon ETC Securities are secured pursuant to the Security Documents for that Series and such secured creditor maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(g) becomes "bankrupt" as such term is defined in Article 8 of the Interpretation (Jersey) Law 1954;

(h) is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due or admits its inability to pay its debts as they fall due (except for a failure by the Issuer to pay any Principal when due in respect of the relevant Series of Carbon ETC Securities); or

(i) is subject to any procedure or any step is taken, or any event occurs, analogous to those set out in (a) to (f) above, in connection with any of the events referred to in Article 8 of the Interpretation (Jersey) Law 1954.

The Issuer shall, as soon as reasonably practicable after receipt of any Event of Default Redemption Notice, give notice thereof to the Securityholders in accordance with Condition 17.

Notwithstanding the above, no Event of Default Redemption Notice may be given if an Early Redemption Valuation Date or Final Redemption Valuation Date has occurred.

The Issuer has undertaken in the Trust Deed that, in the month in each year in which the anniversary of the issue date of the first series of securities issued under the Programme falls and also within 14 calendar days after any request by the Trustee, it will send to the Trustee a certificate signed by any duly authorised signatory of the Issuer to the effect that, such duly authorised signatory having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date not more than five calendar days prior to the date of the certificate no Event of Default, or event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default or event pursuant to which the Security has become enforceable, has occurred since the date to which the last certificate relates or (if none) the issue date of the first series referred to above.

13 Enforcement

Pursuant to the terms of the Trust Deed and at any time after the Security has become enforceable, only the Trustee may, at its discretion and without further notice, take such steps, actions or proceedings as it may think fit against the Issuer to enforce the rights of the holders of the Carbon ETC Securities against the Issuer, whether the same arise under general law, the Trust Deed, the Carbon ETC Securities and any other Transaction Document or otherwise, but it need not take any such action or step or institute proceedings unless (a) in accordance with the terms of the Trust Deed, the Trustee is so directed by an Extraordinary Resolution or in writing by holders of at least one-fifth in number of the Carbon ETC Securities then outstanding and (b) it is secured and/or pre-funded and/or indemnified to its satisfaction.

None of the Secured Creditors, the Other Creditors, the Securityholders or the other Transaction Parties shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of the relevant Trust Deed unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure is continuing.

Pursuant to the terms of each Security Document and at any time after the Security has become enforceable, only the Trustee may, at its discretion and without further notice, take such action or step or institute such proceedings against the Issuer as it may think fit to enforce the Security over the Secured

Property, but it need not take any such action or step or institute such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or in writing by holders of at least one-fifth in number of the relevant Series of Carbon ETC Securities then outstanding and (b) it shall have been secured and/or pre-funded and/or indemnified to its satisfaction.

None of the Secured Creditors, the Other Creditors, the Securityholders or the other Transaction Parties shall be entitled to proceed directly against the Issuer in respect of the Security Documents unless the Trustee, having become bound to proceed in accordance with the terms of the Security Documents, fails or neglects to do so within a reasonable time and such failure is continuing. The Trustee, the Securityholders, the Secured Creditors, the Other Creditors and the Transaction Parties acknowledge and agree that only the Trustee may enforce the Security over the Secured Property in accordance with, and subject to the terms of, the Security Documents.

The Trustee shall in no circumstances be obliged to take any action, step or proceeding that would involve any personal liability or expense without first being indemnified and/or secured and/or pre-funded to its satisfaction whether pursuant to the Trust Deed, the Security Documents or otherwise.

14 Meetings of Securityholders, Modification, Waiver, Substitution and Restrictions

(a) ***Meetings of Securityholders***

In accordance with the terms of the Trust Deed, a meeting of Securityholders may be convened as described in Annex 1 to these Conditions by the Issuer or the Trustee at any time during the term of the Carbon ETC Securities. The quorum requirement for a meeting and the voting arrangements pursuant to the Trust Deed are described in Annex 1 to these Conditions.

The special quorum provisions described in Annex 1 to these Conditions and in the Trust Deed shall apply to any meeting and Extraordinary Resolution relating to any proposal: (i) to amend the dates of maturity or redemption of the Carbon ETC Securities; (ii) to vary any method of, or basis for, calculating the Final Redemption Amount or Early Redemption Amount, as applicable; (iii) to vary the currency or currencies of payment or the basis on which Issue Price per Carbon ETC Security and/or Value per Carbon ETC Security is calculated, in each case, in respect of the Carbon ETC Securities; (iv) to take any steps that, as specified in the Trust Deed, the Conditions or the Transaction Documents, may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply; (v) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution; (vi) to modify the provisions of the Trust Deed concerning the special quorum provisions; or (vii) to modify certain provisions of Condition 5 and/or the Security Documents.

Notwithstanding anything to the contrary in these Conditions, for the avoidance of doubt, neither the approval of Securityholders by way of an Extraordinary Resolution of Securityholders or otherwise or the consent of the Trustee is required (without limitation) for:

(i) the transfer of Allowance(s) to an Authorised Participant in connection with any buy-back and the related release of Security and any other circumstance in which assets may be released from the security as provided in Condition 5 or in the Security Documents;

(ii) any change to the Product Fee Percentage at any time;

(iii) the termination of any appointment of an Agent or any appointment of an additional or replacement Transaction Party provided such appointment or termination thereof or replacement is effected in accordance with the Conditions and the applicable Transaction Document(s);

(iv) the substitution of the Reference Rate with a Successor Reference Rate, or the replacement of a Reference Rate or Price Source, or any related activities pursuant to these Conditions;

(v) any increase to the Programme Maximum Number of Carbon ETC Securities (if applicable);

(vi) any amendment(s) to any term of the Conditions or any Transaction Document which relates to an operational or procedural issue;

(vii) any amendment to the name of the Programme;

(viii) anything that the Issuer is permitted to do without the prior written consent of the Trustee pursuant to Condition 6 or any other Conditions; or

(ix) the transfer, novation or assignment of the Programme Administrator Agreement effected in accordance with the Conditions.

(b) ***Modification of the Relevant Transaction Documents***

Without prejudice to Condition 14(a), the Trustee may agree, without the consent of the Securityholders but only with the prior written consent of the Programme Administrator, to (i) any modification to these Conditions, the Trust Deed, each Security Document and/or any other Transaction Document which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation, of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed, the Security Documents and/or any other Transaction Document that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver will be binding on the Securityholders and, if the Trustee so requires, such modification will be notified by the Issuer to the Securityholders in accordance with Condition 17 as soon as reasonably practicable.

(c) ***Substitution***

The Trustee may, without the consent of the Securityholders but subject to the prior written consent of the Programme Administrator, agree to the substitution, in place of the Issuer (or of any previous substitute under this Condition 14(c)) as the principal debtor under the Trust Deed, the Security Documents, the other Transaction Documents to which it is a party and the Carbon ETC Securities, of any other company (incorporated in any jurisdiction) (any such substitute company being the "**Substituted Obligor**"), provided that:

(i) a deed is executed or undertaking given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the relevant Trust Deed, the Security Documents and the Carbon ETC Securities (with such consequential amendments as the Trustee may deem appropriate) as if the Substituted Obligor had been named in the relevant Trust Deed, the Security Documents and the Carbon ETC Securities as the principal debtor in place of the Issuer;

(ii) the Substituted Obligor assumes all rights, obligations and liabilities in relation to the Secured Property, acknowledges the Security created in respect thereof pursuant to each Security Document and takes all such action as the Trustee may require so that the Security constitutes a valid charge, pledge or other security interest over the Secured Property as was originally created by the Issuer for the obligations of the Substituted Obligor;

(iii) if any director of the Substituted Obligor certifies that it will be solvent immediately after such substitution, the Trustee need not have regard to the Substituted Obligor's financial condition, profits or prospects or compare them with those of the Issuer;

(iv) the Trustee is satisfied (if it requires, by reference to legal opinions) that (A) all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Obligor of liability as principal debtor in respect of, and of its obligations under, the Carbon ETC Securities and any Transaction Document have been

obtained and (B) such approvals and consents are at the time of substitution in full force and effect;

(v) the Issuer and the Substituted Obligor will execute and the Issuer shall procure that the Programme Administrator and any other relevant Transaction Party will execute such other deeds, documents and instruments (if any) as the Trustee may require in order that such substitution is fully effective and comply with such other requirements in the interests of the Securityholders as the Trustee may direct;

(vi) in connection with any proposed substitution of the Issuer, the Trustee may, without the consent of the holders of such Carbon ETC Securities, agree to a change of the law from time to time governing such Carbon ETC Securities and/or the relevant Issue Deed and/or the Trust Deed and/or each Security Document, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of such Securityholders;

(vii) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may direct in the interests of the Securityholders; and

(viii) a legal opinion satisfactory to the Trustee is provided concerning any proposed substitution.

An agreement by the Trustee pursuant to this Condition 14(c) and the Trust Deed shall, if so expressed, release the Issuer (or a previous substitute) from any or all of its obligations under the Trust Deed, the Carbon ETC Securities and the other related relevant Transaction Documents. The Substituted Obligor shall give notice of the substitution to the Securityholders within 14 calendar days of the execution of such documents and compliance with such requirements.

On completion of the formalities set out in this Condition 14(c) and the Trust Deed, the Substituted Obligor shall be deemed to be named in these Conditions, the Trust Deed, the other Transaction Documents and the Carbon ETC Securities as the principal debtor in place of the Issuer (or of any previous substitute) and these Conditions, the Trust Deed, the other Transaction Documents and the Carbon ETC Securities shall be deemed to be amended as necessary to give effect to the substitution.

(d) ***Entitlement of the Trustee***

In accordance with the terms of the Trust Deed and each Security Document, in connection with the exercise of its functions (including, but not limited to, those referred to in the Transaction Documents and this Condition 14) the Trustee will have regard to the interests of the Securityholders as a class and will not have regard to the consequences of such exercise for individual Securityholders and the Trustee will not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders. So long as the Carbon ETC Securities are in global form and such Global Security is held by or on behalf of the Relevant Clearing System, in considering the interests of Securityholders, the Trustee may have regard to any information provided to it by the Relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Security and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

15 Replacement of Carbon ETC Securities

If a Carbon ETC Security in bearer form is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing Agent on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity (which may provide, *inter alia*,

that if the allegedly lost, stolen or destroyed Carbon ETC Security is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Carbon ETC Security) and otherwise as the Issuer may require. Mutilated or defaced Carbon ETC Securities must be surrendered before replacements will be issued.

16 Further Issues

Subject to Condition 5, the Issuer may, from time to time (without the consent of the Trustee or any Securityholder), in accordance with the Trust Deed, the Conditions, the Agency Agreement, create and issue further securities that are either:

(i) securities having the same terms and conditions as the Carbon ETC Securities in all respects (provided that, for the avoidance of doubt, different issue dates and updated references to the number of the Carbon ETC Securities of the Series and updated references to other variables as they stand at or around the issue date of the Tranche shall not result in different terms and Conditions or to the final terms for the Tranche being deemed to be on different terms or in a different form) and so that such further issue shall be consolidated and form a single series with the Carbon ETC Securities and the Issuer may incur further obligations relating to such Carbon ETC Securities; or

(ii) securities that are not consolidated and do not form a single Series with the Carbon ETC Securities and that are secured on separate assets than the Carbon ETC Securities and that are issued upon such terms as the Issuer may determine at the time of their issue and in respect of which the Issuer may incur further obligations relating to such securities.

Any new securities forming a single series with the Carbon ETC Securities of this Series and which are expressed to be constituted by the Trust Deed and secured by the Security Documents will, upon the issue thereof by the Issuer, be constituted by the Trust Deed and secured by the Security Documents without any further formality and irrespective of whether or not the issue of such securities contravenes any covenant or other restriction in the Trust Deed or the Programme Maximum Number of Carbon ETC Securities and shall be secured by the same Secured Property (as increased and/or supplemented in connection with such issue of such new securities) and references in these Conditions to "**Carbon ETC Securities**", "**Secured Assets**", "**Secured Agent Rights**", "**Secured Property**", "**Secured Issuer Obligations**", "**Other Issuer Obligations**", "**Secured Creditors**" and "**Other Creditors**" and any other relevant term shall be construed accordingly.

In respect of a valid Subscription Order accepted by the Issuing Agent on behalf of the Issuer following the Series Issue Date, notwithstanding anything to the contrary, the corresponding Carbon ETC Securities shall only be issued and settled following (A) delivery of a number of Allowance(s) equal to the Subscription Settlement Amount to the relevant Series Carbon Account in respect of the relevant Series of Carbon ETC Securities (at the time agreed pursuant to the relevant Authorised Participant Agreement) and (B) receipt by the Issuing Agent of a notice from the Carbon Accounts Administrator confirming that such number of Allowance(s) equal to the Subscription Settlement Amount has been delivered to the relevant Series Carbon Account. For the avoidance of doubt, Subscription Orders may only be requested by an Authorised Participant.

17 Notices

Notices required to be given in respect of the Carbon ETC Securities represented by a Global Security are given (i) by their being delivered to the Relevant Clearing System, or (ii) otherwise to the holder of the Global Security. Any such notice shall be deemed to have been given to the holders of the Carbon ETC Securities on the Payment Business Day immediately following the day on which the notice was given to the Relevant Clearing System.

For so long as any of the Carbon ETC Securities are listed on any Relevant Stock Exchange, notices are also required to be given in accordance with the rules and regulations of each Relevant Stock Exchange or other relevant authority.

18 Regulatory Requirement Amendments

If the Programme Administrator determines that a Regulatory Requirement Event has occurred, it may notify the Issuer of any modifications that it determines are required to be made to the Conditions and/or any Transaction Document (except for any Authorised Participant Agreement) (such amendments, the "**Regulatory Requirement Amendments**") in order to cause (as applicable):

(a) the Carbon ETC Securities and the transactions contemplated by the Conditions and the Transaction Documents to be compliant with all Relevant Regulatory Laws;

(b) the Issuer and each Transaction Party to be compliant with all Relevant Regulatory Laws; or

(c) the Issuer and each Transaction Party to be able to continue to transact future business (as issuer of Carbon ETC Securities or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws.

The Programme Administrator shall immediately send a copy of any such notice to all Transaction Parties (other than the Authorised Participants).

If the Issuer receives such a notice from the Programme Administrator, it shall, without the consent of the Securityholders, promptly make the Regulatory Requirement Amendments, provided that:

(A) no Scheduled Early Redemption Date has occurred in respect of the Carbon ETC Securities;

(B) the Regulatory Requirement Amendments will not:

(i) amend the date of maturity or redemption of the Carbon ETC Securities;

(ii) reduce or cancel any Early Redemption Amount, Final Redemption Amount or the Minimum Debt Principal Amount payable on redemption of the Carbon ETC Securities;

(iii) reduce or cancel the Allowance(s) Entitlement per Carbon ETC Security or vary the method of, or basis for, calculating the Allowance(s) Entitlement per Carbon ETC Security;

(iv) vary any method of, or basis for, calculating the Final Redemption Amount or the Early Redemption Amount;

(v) exchange or substitute any of the Underlying Allowance(s); or

(vi) have a material adverse effect on the validity, legality or enforceability of the Security or on the priority and ranking of the Security;

(C) the Regulatory Requirement Amendments are agreed to by each party to the affected Transaction Documents (in each case, such consent not to be unreasonably withheld or delayed) and the Trustee; and

(D) the Programme Administrator certifies in writing (such certificate, a "**Regulatory Requirement Amendments Certificate**") to the Trustee that (x) the purpose of the Regulatory Requirement Amendments is solely as set out in Conditions 18(a) to 18(c) and (y) the Regulatory Requirement Amendments satisfy the requirements of paragraph (B) above.

The Trustee may rely, without further enquiry and without liability to any person for so doing, on a Regulatory Requirement Amendments Certificate. Upon receipt of a Regulatory Requirement Amendments Certificate, the Trustee shall agree to the Regulatory Requirement Amendments without seeking the consent of the Securityholders or any other party and concur with the Issuer (at the Issuer's

expense) in effecting the Regulatory Requirement Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the relevant Trust Deed), provided that the Trustee shall not be required to agree to the Regulatory Requirement Amendments if, in the opinion of the Trustee (acting reasonably), the Regulatory Requirement Amendments would (x) expose the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (y) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend the protective provisions afforded to the Trustee in the Conditions or any Transaction Document of any Series.

Neither the Programme Administrator nor the Trustee shall have any duty to monitor, enquire or satisfy itself as to whether any Regulatory Requirement Event has occurred. The Programme Administrator shall not have any obligation to give, nor any responsibility or liability for giving or not giving, any notice to the Issuer and the Transaction Parties that a Regulatory Requirement Event has occurred.

Any Regulatory Requirement Amendments will be binding on the Issuer, the Transaction Parties and the Securityholders.

19 Rights, Obligations and Indemnification of the Trustee

(a) ***Condition Precedent to Trustee Action***

The Trustee or any receiver is not obliged or required to take any action in relation to the enforcement of the Security that would involve any personal liability or expense without first being pre-funded and/or secured and/or indemnified to its satisfaction.

(b) ***Liability in Respect of Security and the Secured Property***

The Trustee will accept without investigation, requisition or objection such right and title as the Issuer has to any of the Secured Property and need not examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Secured Property or any part of it, whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not.

The Trustee is not under any obligation to insure any property comprising the Secured Property or any certificate, note, bond or other evidence in respect thereof, or to require any other person to maintain any such insurance.

Pursuant to each Security Document and to the fullest extent permitted by law, the Trustee will not be responsible for, nor will it have any liability with respect to any loss or theft or reduction in value of any property comprising the Secured Property relating to the relevant Series of Carbon ETC Securities, unless such loss, theft or reduction in value is caused by its own fraud, negligence or wilful default. The Trustee will have no responsibility or liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor as regards any deficiency which might arise because the Trustee, the Carbon Accounts Administrator, the Custodian and/or the Carbon Counterparty, as applicable, is subject to any Tax in respect of any of the Secured Property, any income therefrom and/or the proceeds thereof.

To the fullest extent permitted by law, the Trustee will not be responsible or liable to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor for the validity, enforceability, registration, perfection, value or sufficiency (which the Trustee shall not investigate) of the Security purported to be created by each Security Document or otherwise relating to the Carbon ETC Securities. The Trustee will not be liable to any Securityholder, any Secured Creditor, any Other Creditor or any other person for any failure to make or cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee, mortgagee or assignee in relation to the Secured Property or the Security relating to the Carbon ETC Securities.

Pursuant to each Security Document, none of the Trustee, any receiver appointed by it or any attorney or agent of the Trustee will, by reason of taking possession of any Secured Property or any other reason and whether or not as mortgagee in possession, be liable to account for anything except actual receipts (including any aggregate net sale proceeds from any transaction(s) entered into in connection with the sale and purchase of the relevant Allowance(s) in respect of which a Price Confirmation Notice (as defined in the relevant Carbon Counterparty Agreement) was delivered on or prior to the date the Enforcement Notice was given, such transaction to be settled in accordance with clause 11.7.2 (*Notice of Enforcement*) of the relevant Carbon Counterparty Agreement) or be liable for any loss or damage arising from the realisation of such Secured Property or from any act or omission in relation to such Secured Property or otherwise unless such loss or damage shall be caused by its own fraud, gross negligence or wilful default.

(c) ***Discharge***

The Trustee's or receiver's receipt for any moneys paid to it will discharge the person paying them and such person will not be responsible for their application.

(d) ***Apportionment of Trustee Expenses Between Series of Carbon ETC Securities***

If at any time the Trustee is Trustee in respect of more than one series of securities issued under the Programme by the Issuer, the Trustee will be entitled in its absolute discretion to determine in respect of which Series of Carbon ETC Securities any liabilities and expenses have been incurred by the Trustee and to allocate any such liabilities and expenses between such Series of Carbon ETC Securities.

(e) ***Advice***

The Trustee may act on the opinion or advice of, or information obtained from (which shall include, for the avoidance of doubt, any report, confirmation or certification), any expert and shall not be responsible to anyone for any loss occasioned by so acting whether such advice is obtained by or addressed to the Issuer, the Trustee or any other person. Any such opinion, advice or information may be sent or obtained by letter, fax or electronic communication and the Trustee shall not be liable to anyone for acting in good faith on any opinion, advice or information purporting to be conveyed by such means even if it contains some error or is not authentic and whether or not such expert's liability in respect thereof is limited whether by reference to a monetary cap or otherwise.

(f) ***Trustee to Assume Performance***

The Trustee need not notify anyone of the execution of the relevant Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, a Potential Event of Default, an Early Redemption Event, a Disruption Event, a Carbon Accounts Administrator Bankruptcy Event, a Custodian Bankruptcy Event, a Carbon Counterparty Bankruptcy Event, a Suspension Event, a Determination Agent Bankruptcy Event, an Issuing Agent Bankruptcy Event, a Paying Agent Bankruptcy Event, a substitution of the Price Source, a resignation or termination of an Agent's appointment has occurred or if the Security has become enforceable. Until it has actual knowledge or express notice to the contrary, the Trustee may assume that no such event has occurred and that the Issuer is performing all its obligations under the relevant Trust Deed, each Security Document, the Carbon ETC Securities and the other Transaction Documents. The Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless it shall have actual knowledge to the contrary.

(g) ***Resolutions and Directions of Securityholders***

The Trustee (i) may at any time seek, from the Securityholders, a direction to act in respect of any of its powers, duties, obligations, rights and/or discretions under the Transaction Documents and

(ii) shall not be obliged to take any action or proceedings (or refrain from doing so) unless it has received a request or instruction. The Trustee will not be responsible for having acted in good faith on a resolution purporting to have been passed at a meeting of Securityholders in respect of which minutes have been made and signed or any instruction or direction in writing purporting to have been given by or on behalf of Securityholders even if it is later found that there was a defect in the constitution of the meeting or the passing of the resolution or the giving of such instruction or direction or that such resolution, instruction or direction was not valid or binding on the Securityholders.

(h) ***Certificate Signed by Duly Authorised Signatories***

If the Trustee, in the exercise of its functions, requires to be satisfied or to have information as to any fact or the expediency of any act, it may call for and accept as sufficient evidence of that fact or the expediency of that act a certificate signed by any duly authorised signatory of the Issuer as to that fact or to the effect that, in their opinion, that act is expedient and the Trustee need not call for further evidence and will not be responsible for any loss occasioned by acting on such a certificate.

(i) ***Deposit of Documents***

The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by it to be of good repute and may deposit the relevant Issue Deed and any other documents with such custodian and pay all sums due in respect thereof and the Trustee will not be responsible for any loss incurred in connection with any such holding or deposit. The Trustee is not obliged to appoint a custodian of securities payable to bearer.

(j) ***Discretion***

The Trustee has absolute and uncontrolled discretion as to the exercise of its functions and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience that may result from their exercise or non-exercise.

(k) ***Agents***

Whenever it considers it expedient in the interests of the Securityholders, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of moneys).

(l) ***Delegation***

Whenever it considers it expedient in the interests of the Securityholders, the Trustee may delegate to any person on any terms (including power to sub-delegate) all or any of its functions.

(m) ***Nominees***

In relation to any asset held by it under the relevant Trust Deed, Security Documents or any other relevant Transaction Document, the Trustee may appoint any person to act as its nominee on any terms.

(n) ***Confidentiality***

Unless ordered to do so by a court of competent jurisdiction, the Trustee will not be required to disclose to any Securityholder, Secured Creditor or Other Creditor any confidential financial or other information made available to the Trustee by the Issuer.

(o) ***Determinations Conclusive***

As between itself and the Securityholders and/or any Secured Creditor and/or any Other Creditor, the Trustee may (provided prior notice has been given to the Programme Administrator) determine all questions and doubts arising in relation to any of the provisions of the relevant Trust Deed, each Security Document or any other Transaction Document (and shall notify the Programme Administrator of its determination). Such determinations, whether made upon such a question actually raised or implied in the acts or proceedings of the Trustee, will be conclusive and will bind the Trustee, the Securityholders, the Secured Creditors and/or any Other Creditor.

(p) ***Currency Conversion***

Where it is necessary or desirable for any purpose for the Trustee in connection herewith to convert any sum from one currency to another, it will (unless otherwise provided in the relevant Issue Deed or these Conditions or required by law) be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified will be binding on the Issuer, the Securityholders, the Secured Creditors and the Other Creditors.

(q) ***Indemnity Under the Trust Deed***

Pursuant to the Trust Deed, without prejudice to the right of indemnity by law given to trustees, the Trustee and every receiver, attorney, manager, agent or other person appointed by the Trustee under the relevant Trust Deed and the relevant Security Documents in relation to the Carbon ETC Securities will be entitled to be indemnified out of the relevant Secured Property (in respect of the relevant Series of Carbon ETC Securities) in respect of all liabilities and expenses properly incurred by them or him in the execution or purported execution of the trusts or of any functions vested in them or him pursuant to the relevant Trust Deed or the relevant Security Documents and against all actions, proceedings, costs, claims and demands in respect of any acts or omissions relating to the Secured Property, and to the extent not already paid to the Trustee on behalf of the Issuer by the Programme Administrator pursuant to the costs arrangements set out in clause 4.1 (*Product Fees*) of the Programme Administrator Agreement, the Trustee may retain any part of any moneys in its hands arising from the trusts of the relevant Trust Deed and the relevant Security Documents to pay all sums necessary to effect such indemnity and also the remuneration of the Trustee. The Trustee is a Secured Creditor in respect of such Secured Property for all moneys payable to it under this Condition 19, clause 8 of the relevant Trust Deed or otherwise. The Trustee is not obliged or required to take any step or action under or in connection with the Carbon ETC Securities, the Security Documents and/or any other Transaction Document which may involve it in incurring any personal liability or expense unless indemnified and/or secured and/or pre-funded to its satisfaction.

(r) ***Issue Deed***

The Trustee assumes no responsibility for, and will not, by the execution of any Issue Deed, be deemed to make any representation as to, the adequacy, sufficiency, validity or enforceability of such Issue Deed or any agreement constituted by the execution thereof.

(s) ***Transaction Parties***

In acting as Trustee under the relevant Trust Deed and Security Documents, the Trustee does not assume any duty or responsibility to any Transaction Party (other than to pay or deliver, as applicable, to any such party any moneys or assets received and payable or deliverable to it and to act in accordance with the provisions of Condition 5, the relevant Trust Deed and Security Documents) and will have regard solely to the interests of the Securityholders of the relevant Series (for so long as the Carbon ETC Securities of such Series are outstanding). The Trustee is not (subject to clause 17 of the relevant Trust Deed and Conditions 5 and 13) obliged to act on any

directions of any Transaction Party if this would, in the Trustee's opinion, be contrary to the interests of the Securityholders (for so long as the Carbon ETC Securities of such Series are outstanding).

(t) ***Consent of Trustee***

Except as otherwise expressly provided to the contrary, any consent or approval given by the Trustee may be on such terms and subject to such conditions as the Trustee reasonably thinks fit.

(u) ***Payment for and Delivery of Carbon ETC Securities***

The Trustee will not be responsible for the receipt or use by the Issuer of any property received by the Issuer in relation to any issue of Carbon ETC Securities, any exchange of Carbon ETC Securities or the delivery of Carbon ETC Securities to the persons entitled to them.

(v) ***Legal Opinions***

The Trustee will not be responsible to any person for failing to request, require or receive any legal opinion relating to the Carbon ETC Securities or for checking or commenting upon the content of any such legal opinion.

(w) ***Programme Limit***

The Trustee will not be concerned, and need not enquire, as to whether or not any Carbon ETC Securities are issued or entered into in breach of the Programme Maximum Number of Carbon ETC Securities.

(x) ***Events***

The Trustee may determine whether or not an Event of Default is in its opinion capable of remedy. Any such determination will be conclusive and binding on the Issuer and the Securityholders. However, the Trustee is not under any obligation to monitor whether or not an Event of Default, a Potential Event of Default, an Early Redemption Event, a Disruption Event, a Carbon Counterparty Bankruptcy Event, a Carbon Accounts Administrator Bankruptcy Event, a Custodian Bankruptcy Event, a Suspension Event, a Determination Agent Bankruptcy Event, an Issuing Agent Bankruptcy Event, a Paying Agent Bankruptcy Event, a substitution of the Price Source or a resignation or termination of an Agent's appointment or agreement to act (as applicable) has occurred or is continuing or if the Security has become enforceable or to monitor compliance by the Agents, the Programme Administrator or any other Transaction Party with any of their respective obligations under the Transaction Documents.

(y) ***Responsibility for Appointees***

If the Trustee exercises reasonable care in selecting any custodian, agent, delegate or nominee (an "**Appointee**"), it will not have any obligation to supervise the Appointee or be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee's misconduct or default or the misconduct or default of any substitute appointed by the Appointee.

(z) ***Notice in respect of Appointees***

The Trustee will, within a reasonable time prior to any delegation to an Appointee or any renewal, extension or termination thereof, give notice thereof (containing details of such appointment) to the Issuer (whereupon the Issuer shall copy such notice to the Programme Administrator).

(aa) ***Certifications***

The Trustee will be entitled to rely upon a certificate of any Transaction Party in respect of every matter and circumstance for which a certificate, calculation or determination is expressly provided under these Conditions and/or the relevant Transaction Documents and also in relation to any

matter reasonably believed by the Trustee to be within the knowledge of the party certifying the same and the Trustee will not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do.

(bb) ***No Obligations to Monitor Transaction Parties Under the Transaction Documents***

Pursuant to the Trust Deed, the Trustee shall not be obliged to monitor nor be liable for any failure to monitor the performance by any Transaction Party of its duties and obligations under the Transaction Documents to the Issuer or by any other person of its obligations to the Issuer. The Trustee may assume that such are being performed unless it has actual knowledge to the contrary. The Trustee will not be obliged to take any action or step against any such Transaction Party or other person (unless secured and/or pre-funded and/or indemnified to its satisfaction).

(cc) ***Certifications of Amounts Owed***

The Trustee will be entitled to rely upon a certificate of any party to the Transaction Documents as to any amounts owing to any such party and will not be responsible for any loss occasioned by its relying and acting on such certificate.

(dd) ***Authorised Participants***

The Trustee will not be responsible for monitoring or ascertaining whether there are one or more Authorised Participants or no Authorised Participant in respect of the Carbon ETC Securities or whether no Authorised Participant is willing to purchase any Carbon ETC Securities and, unless and until it receives express notice to the contrary, it will be entitled to assume that there is or are one or more Authorised Participants in respect of the Carbon ETC Securities and that one or more Authorised Participants is or are willing to purchase the Carbon ETC Securities.

(ee) ***Calculation of Allowance(s) Entitlement per Carbon ETC Security, Value per Carbon ETC Security and Redemption Amounts***

In ascertaining any Allowance(s) Entitlement per Carbon ETC Security, Value per Carbon ETC Security, Final Allowance(s) Redemption Amount, Early Allowance(s) Redemption Amount, Final Redemption Amount or Early Redemption Amount, as applicable, the Trustee will be entitled to call for and rely upon a determination by the Determination Agent or the Programme Administrator (in each case acting as agent of the Issuer or, if the Trustee so requests, as agent of the Trustee, as applicable) as to such amount.

(ff) ***Signed Documents***

The Trustee will not incur liability to any person in acting upon any signature, instrument, notice, resolution, endorsement, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties.

(gg) ***Trustee Liable for Negligence***

(i) If the Trustee fails to show the degree of care and diligence required of it as trustee, nothing in the Trust Deed or the Security Documents, as the case may be, will relieve or indemnify the Trustee from or against any liability that would otherwise attach to it in respect of any gross negligence, wilful default, breach of duty or breach of trust of which it may be guilty.

(ii) Under no circumstances shall the Trustee be liable to, or be required to indemnify, the Issuer or any third party for (a) indirect, punitive or consequential losses or indirect, punitive or consequential damages of any kind whatsoever, (b) loss of business opportunity, or (c) loss of profit, in each case to the extent any such losses arise in connection with the Trust Deed

or Security Documents, as the case may be, notwithstanding that such losses were or may have been foreseeable or that the Trustee was advised or was aware of the possibility of such losses and regardless of whether the claim to any such loss or damage under paragraph (a), (b) or (c) is made in negligence, breach of duty, breach of trust or otherwise.

(hh) ***Waiver and Proof of Default***

(i) The Trustee may, without the consent of the Securityholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Securityholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer of the Trust Deed, the Conditions or any other Transaction Document or determine that an Event of Default or Potential Event of Default will not be treated as such provided that the Trustee will not do so in contravention of an express direction given by holders of at least one-fifth in number of the Carbon ETC Securities then outstanding or an Extraordinary Resolution (provided that in each case the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination will be binding on the Securityholders and, if the Trustee so requires, will be notified to the Securityholders as soon as practicable.

(ii) Proof that the Issuer has failed to make a payment of Principal when due under the Conditions to the holder of any one Carbon ETC Security will (unless the contrary be proved) be sufficient evidence that it has made the same default as regards all other Carbon ETC Securities under which a payment obligation is due.

(ii) ***Trustee not Precluded from Entering into Contracts***

The Trustee and any other person, whether or not acting for itself, may acquire, hold, deal in or dispose of any Carbon ETC Security or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Trustee were not acting as Trustee and need not account for any profit.

(jj) ***Accumulation of Moneys***

If the amount of the moneys at any time available to the Trustee for payment in respect of the Carbon ETC Securities in accordance with Condition 5(b) or 5(c), as applicable, is less than 5 per cent. of the aggregate Value per Carbon ETC Security of the Carbon ETC Securities then outstanding (or, following an Early Redemption Valuation Date or Final Redemption Valuation Date, the Early Redemption Amount or the Final Redemption Amount, as applicable), the Trustee may, pursuant to the relevant Trust Deed or the Security Documents, as applicable, at its discretion, invest such moneys. The Trustee may retain such investments and accumulate the resulting income until the investments and the accumulations, together with any other funds for the time being under its control and available for such payment, amount to at least 5 per cent. of the aggregate Value per Carbon ETC Security of the Carbon ETC Securities then outstanding and then such investments, accumulations and funds (after deduction of, or provision for, any applicable Taxes) will be applied as specified in Condition 5(b) or 5(c), as applicable.

(kk) ***Investment***

Pursuant to the terms of the Trust Deed and the Security Documents, moneys held by the Trustee may be (x) invested in its name or under its control in any investments or other assets anywhere whether or not they produce income or (y) deposited in its name or under its control at such bank

or other financial institution in such currency as the Trustee may, in its absolute discretion, think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on such a deposit to an independent customer. The Trustee may, at any time, vary or transpose any such investments or assets or convert any moneys so deposited into any other currency, and shall not be responsible for any resulting loss, whether by depreciation in value, change in exchange rates or otherwise, provided that all such investments or assets invested in, or deposits made, by the Trustee shall be in investments or assets denominated in the Specified Currency of the relevant Series of Carbon ETC Securities (and to the extent (if any) that sums received by the Trustee in respect of the relevant Series of Carbon ETC Securities are in a currency other than the Specified Currency of the relevant Series of Carbon ETC Securities, the Trustee may, for the purposes of making investments in accordance with the Trust Deed or Security Documents, as applicable, convert such sums into the Specified Currency of that Series of Carbon ETC Securities and shall not be responsible for any resulting loss, whether by depreciation in value, change in exchange rates or otherwise). The Transaction Parties and the Securityholders shall be deemed to have acknowledged that in respect thereof the Trustee is not providing investment supervision, recommendations or advice.

(ll) ***Creditworthiness of the Transaction Parties***

Pursuant to each Security Document, the Trustee will have no responsibility or liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor for the creditworthiness (which the Trustee shall not investigate) of any Transaction Party, or the validity or enforceability of the obligations of any Transaction Party.

(mm) ***Ability to Borrow on Secured Property***

Pursuant to and within the limits provided under the relevant Security Document, the Trustee may raise and borrow money on the security of the Secured Property or any part of it in order to defray moneys, costs, charges, losses and expenses paid or incurred by it in relation to the relevant Security Document (including the costs of realising any security and the remuneration of the Trustee) or in exercise of any of its functions pursuant to and within the limits provided by such Security Document. The Trustee may raise and borrow such money on such terms as it shall think fit and may secure its repayment with interest by mortgaging or otherwise charging all or part of the Secured Property (if so provided by the relevant Security Document) whether or not in priority to the Security constituted by or pursuant to the Security Documents and generally in such manner and form as the Trustee shall think fit (but under the limits provided by the relevant Security Document) and for such purposes may take such action as it shall think fit.

(nn) ***Obligations of the Carbon Accounts Administrator and Custodian***

The Trustee will have no responsibility for the performance by the Carbon Accounts Administrator or the Custodian of any of their respective obligations. The Trustee will have no liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor as regards any deficiency which may arise because all or part of the Secured Property is granted in relation to the relevant Series Carbon Account which is opened in the name of the Custodian (for the benefit of the Issuer and maintained and operated by the Carbon Accounts Administrator by instruction to the Custodian).

(oo) ***Forged Carbon ETC Securities***

The Trustee will not be liable to the Issuer or any Securityholder, Secured Creditor or Other Creditor by reason of having accepted as valid or not having rejected any Carbon ETC Security purporting to be such and later found to be forged or not authentic.

20 Relevant Clearing System

None of the Issuer, the Trustee, the Agents or any other Transaction Party will have any responsibility for the performance by the Relevant Clearing System (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations.

21 Governing Law and Jurisdiction

(a) ***Governing Law***

The Issue Deed, the Trust Deed and the Carbon ETC Securities (including any Global Security), and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

The English Law Security Deed, and any non-contractual obligations arising out of or in connection with it, is governed by, and shall be construed in accordance with, English law.

The Jersey Law Security Interest Agreement and the Administration Services Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by, and shall be construed in accordance with, Jersey law.

The Luxembourg Law Pledge Agreement and the Custody Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by, and shall be construed in accordance with, Luxembourg law.

(b) ***Jurisdiction***

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Carbon ETC Securities and, accordingly, any legal action or proceedings arising out of or in connection with any Carbon ETC Securities ("**Proceedings**") may be brought in such courts. The parties to the Trust Deed have irrevocably submitted to the jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Trustee, the Programme Administrator and the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) ***Service of Process***

In respect of a Series, each of the Issuer, the Issuing Agent, Determination Agent, the Carbon Accounts Administrator, the Custodian and any Paying Agent (where the Paying Agent has no registered office in England and Wales) irrevocably agrees to appoint, on or around the Series Issue Date, a process agent as its agent to receive, for it and on its behalf, service of process in any Proceedings in England. The process agent in respect of each such party appointing a process agent shall either (i) be the party specified as its process agent for the Series in the relevant Issue Deed for the first Tranche for such Series or (ii) if no such process agent is specified in such Issue Deed in respect of such party, be notified to the Trustee as soon as reasonably practicable following its appointment. Service of process on any such process agent shall be deemed valid service upon the party appointing such process agent, whether or not it is forwarded to and received by the appointing party. Each party appointing a process agent shall inform the Trustee in writing of any change in its process agent's address within 28 calendar days of such change. If for any reason any such process agent ceases to be able to act as such or no longer has an address in England, each party who has appointed such process agent irrevocably agrees to appoint a substitute process agent in England reasonably acceptable to the Trustee and to deliver to the Trustee a copy

of the substitute process agent's written acceptance of that appointment, within 14 calendar days. Each party appointing a process agent irrevocably consents to any process in any Proceedings anywhere being served by mailing a copy by registered post to such process agent. However, nothing in this Condition 21(c) shall affect the right to serve process in any other manner permitted by law.

Annex 1 to the Master Terms and Conditions of the Carbon ETC Securities

PROVISIONS FOR MEETINGS OF SECURITYHOLDERS

Interpretation

1 In this Annex:

1.1 references to a meeting are to a meeting of Securityholders of a single series of Carbon ETC Securities and include, unless the context otherwise requires, any adjournment of such meeting;

1.2 references to "Carbon ETC Securities" and "Securityholders" are only to the Carbon ETC Securities of the relevant Series in respect of which a meeting has been, or is to be, called and to the holders of these Carbon ETC Securities, respectively;

1.3 "**agent**" means a holder of a voting certificate or a proxy for, or representative of, a Securityholder;

1.4 "**block voting instruction**" means an instruction issued in accordance with paragraphs 9 to 14;

1.5 "**voting certificate**" means a certificate issued in accordance with paragraphs 6, 7 and 8; and

1.6 references to persons representing a proportion of the Carbon ETC Securities are to Securityholders or agents holding or representing in the aggregate at least that proportion in number of the Carbon ETC Securities for the time being outstanding.

1.7 for the avoidance of doubt, for so long as the Carbon ETC Securities are Bearer Securities represented by a Global Security deposited with a Relevant Clearing System and held by the Relevant Clearing System or a common depositary, common safekeeper or nominee, as applicable, on behalf of the Relevant Clearing System, the holder of the Bearer Securities for the purposes of the preceding paragraph shall be such Relevant Clearing System, common depositary, common safekeeper or nominee, as applicable, provided that for the purposes of ascertaining who is entitled to attend and vote, or to appoint a proxy to attend and vote, at any meeting convened to pass an Extraordinary Resolution (including a special quorum resolution), a person who is or persons who are shown in the records of the Relevant Clearing System as a holder or holders of Carbon ETC Securities represented by a Global Security shall be treated by the Issuer, the Transaction Parties and the bearer of such Global Security as though it is or they are the holder or holders of such Global Security and references to "Securityholder" or "Securityholders" shall be construed accordingly.

Powers of Meetings

2 A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by the relevant Trust Deed, have power by Extraordinary Resolution:

2.1 to sanction any proposal by the Issuer or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Securityholders against the Issuer, whether or not those rights arise under the relevant Trust Deed or the relevant Security Document;

2.2 to sanction the exchange or substitution for the Carbon ETC Securities of, or the conversion of the Carbon ETC Securities into, shares, bonds or other obligations or securities of the Issuer or any other entity;

2.3 to assent to any modification of the relevant Trust Deed, the relevant Security Documents, the Carbon ETC Securities or any Transaction Document proposed by the Issuer or the Trustee;

2.4 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

2.5 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

2.6 to appoint any persons (whether Securityholders or not) as a committee or committees to represent the Securityholders' interests and to confer on them any powers or discretions which the Securityholders could themselves exercise by Extraordinary Resolution;

2.7 to approve a proposed new Trustee and to remove a Trustee;

2.8 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the relevant Trust Deed and the relevant Security Documents; and

2.9 to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under the relevant Trust Deed or the Carbon ETC Securities,

provided that the special quorum provisions in paragraph 17 shall apply to any Extraordinary Resolution (a "**special quorum resolution**") for the purpose of sub-paragraph 2.2 or 2.8, any of the proposals listed in Condition 14(a) as being subject to a special quorum resolution or any amendment to this proviso.

Convening a Meeting

3 The Issuer or the Trustee may at any time convene a meeting. If it receives a written request by Securityholders holding at least ten per cent. in number of the Carbon ETC Securities of any Series for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting of the Securityholders of that Series. Every meeting shall be held at a time and place approved in writing by the Trustee.

4 At least 21 calendar days' prior notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Securityholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of the meeting and, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed and shall explain how Securityholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable.

5 If Carbon ETC Securities of the relevant Series are listed on the Frankfurt Stock Exchange, the location of any meeting of Securityholders will be Frankfurt, Germany. Any meeting of Securityholders will be notified to the Securityholders by or on behalf of the Issuer at least 21 calendar days prior to the day on which the meeting shall take place. Such notice will state the name and the registered office of the Issuer, the nature of the business to be transacted at the meeting, the time and place of the meeting and will set out the requirements that a Securityholder will have to fulfil in order to attend and vote at the meeting and the conditions that apply to the casting of votes. In addition to publication of the notice of any such meeting in accordance with the terms of the relevant Trust Deed, the notice of any such meeting must be published by the Issuer in the German electronic Federal Gazette (*elektronischer Bundesanzeiger*) and on the website of the Issuer. A non-binding German translation of the English language version of each notice, voting certificate and any other documents relating to any such meeting as indicated in the notice convening such meeting will be available to Securityholders.

Arrangements for Voting

6 If a holder of a Bearer Security wishes to obtain a voting certificate in respect of it for a meeting, he must deposit it for that purpose at least 48 hours before the time fixed for the meeting with the Issuing Agent or to the order of the Issuing Agent with a bank or other depositary nominated by the Issuing Agent for the purpose save that for so long as the Carbon ETC Securities are Bearer Securities represented by a Global Security deposited with the Relevant Clearing System, no such deposit shall be required where the Issuing Agent is satisfied that no transfer of the Global Security itself will occur over the meeting period and that appropriate measures are in place to ensure that anyone issued a voting certificate cannot transfer Carbon

ETC Securities within the Relevant Clearing System until the time specified in paragraph 8 of this Annex 1. The Issuing Agent shall then issue a voting certificate in respect of that Bearer Security.

Voting Certificate

7 A voting certificate shall:

7.1 be a document in the English language;

7.2 be dated;

7.3 specify the meeting concerned and the numbers of the Carbon ETC Securities to which such voting certificate relates; and

7.4 entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Carbon ETC Securities.

8 Once an Issuing Agent or its agent has issued a voting certificate for a meeting in respect of an Carbon ETC Security, it shall not release the Carbon ETC Security until either:

8.1 the meeting has been concluded; or

8.2 the voting certificate has been surrendered to the Issuing Agent.

Block Voting

9 If a holder of Carbon ETC Securities wishes the votes attributable to it to be included in a block voting instruction for a meeting, then, at least 48 hours before the time fixed for the meeting, (i) he must deposit the Bearer Security for that purpose with the Issuing Agent or to the order of the Issuing Agent with a bank or other depositary nominated by the Issuing Agent for the purpose save that for so long as the Carbon ETC Securities are Bearer Securities represented by a Global Security deposited with the Relevant Clearing System, no such deposit shall be required where the Issuing Agent is satisfied that no transfer of the Global Security itself will occur over the meeting period and that appropriate measures are in place to ensure that anyone issued a voting certificate cannot transfer Carbon ETC Securities within the Relevant Clearing System until the time specified in paragraph 8 of this Annex 1 and (ii) he or a duly authorised person on his behalf must direct the Issuing Agent how those votes are to be cast. The Issuing Agent shall issue a block voting instruction in respect of the votes attributable to all Carbon ETC Securities so deposited.

10 A block voting instruction shall:

10.1 be a document in the English language;

10.2 be dated;

10.3 specify the meeting concerned;

10.4 list the total number of the Carbon ETC Securities deposited, distinguishing with regard to each resolution between those voting for and those voting against it;

10.5 certify that such list is in accordance with Carbon ETC Securities deposited and directions received as provided in paragraphs 9 and 12; and

10.6 appoint one or more named persons (each, a "**proxy**") to vote at that meeting in respect of those Carbon ETC Securities and in accordance with that list. A proxy need not be a Securityholder.

11 Once the Issuing Agent or its agent has issued a block voting instruction for a meeting in respect of the votes attributable to any Carbon ETC Securities:

11.1 it shall not release the Carbon ETC Securities, except as provided in paragraph 12, until the meeting has been concluded; and

11.2 the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.

12 A block voting instruction may be amended until 24 hours before the time fixed for the meeting.

13 Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at such place as the Trustee shall designate or approve, and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. If the Trustee requires, a notarially certified copy of each block voting instruction shall be produced by the proxy at the meeting but the Trustee need not investigate or be concerned with the validity of the proxy's appointment.

14 A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Securityholders' instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the Issuing Agent or its agent by the Issuer or the Trustee at its registered office or by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.

Chairman

15 The chairman of a meeting shall be such person as the Trustee may nominate in writing, but, if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting, the Securityholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Securityholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

16 The following may attend and speak at a meeting:

16.1 Securityholders and agents;

16.2 the chairman;

16.3 the Issuer and the Trustee (through their respective representatives) and their respective financial and legal advisers; and

16.4 the Programme Administrator relating to the relevant Series of Carbon ETC Securities and its legal and financial advisers.

No one else may attend or speak save for where permitted by the chairman.

Quorum and Adjournment

17 No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Securityholders or if the Issuer and the Trustee agree, be dissolved. In any other case, it shall be adjourned until such date, not less than 14 nor more than 42 calendar days later, and time and place as the chairman may decide (the "**adjourned meeting**"). If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

17.1 At a meeting, one or more Securityholders or agents present in person holding or representing in the aggregate not less than 50 per cent. of the aggregate number of Carbon ETC Securities of the relevant Series outstanding shall form a quorum for the purpose of passing an Extraordinary Resolution at such meeting (other than an adjourned meeting or a meeting convened for the purpose of passing a special quorum meeting).

17.2 At a meeting convened for the purpose of passing a special quorum resolution, the quorum shall be one or more Securityholders or agents present in person holding or representing in the aggregate not less than 75 per cent. of the aggregate number of Carbon ETC Securities of the relevant Series outstanding.

17.3 At an adjourned meeting, one or more Securityholders or agents present in person holding or representing in the aggregate not less than 25 per cent. of the aggregate number of Carbon ETC Securities of the relevant Series outstanding shall form a quorum for the purpose of passing an Extraordinary Resolution at such adjourned meeting (including, for the avoidance of doubt, any special quorum resolution).

18 The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph 18 or paragraph 17.

19 At least 14 calendar days' prior notice (exclusive of the day on which notice is given) of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

Voting

20 Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Trustee or one or more persons representing not less than 2 per cent. of the aggregate number of Carbon ETC Securities of the relevant Series outstanding.

21 A resolution (other than a special quorum resolution or an Extraordinary Resolution) shall only be passed at a meeting if one or more Securityholders or agents holding or representing in aggregate not less than 50 per cent. of the votes cast at the meeting vote in favour of passing such resolution.

22 Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against it.

23 If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

24 A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

25 On a show of hands, every person who is present in person and who produces a voting certificate or is a proxy or representative has one vote. On a poll, every such person has one vote in respect of each Carbon ETC Security of such Series of Carbon ETC Securities represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

Effect and Publication of an Extraordinary Resolution

26 An Extraordinary Resolution shall be binding on all the Securityholders, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The passing of an Extraordinary Resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Securityholders within 14 calendar days but failure to do so shall not invalidate such an Extraordinary Resolution.

27 A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate number of Carbon ETC Securities outstanding who for the time being are entitled to receive notice of a meeting held in accordance with these provisions shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Securityholders duly convened and held in accordance with these provisions. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Securityholders.

28 If Carbon ETC Securities are listed on the Frankfurt Stock Exchange and/or the laws and regulations applicable to the Carbon ETC Securities require, a copy of each resolution passed shall be published by the Issuer in the German electronic Federal Gazette (*elektronischer Bundesanzeiger*) and on the website maintained for the Issuer.

Minutes

29 Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

30 If Carbon ETC Securities are listed on the Frankfurt Stock Exchange and/or the laws and regulations applicable to the Carbon ETC Securities require, a copy of the minutes shall be notarised by a notary.

Trustee's Power to Prescribe Regulations

31 Subject to all other provisions in the relevant Trust Deed and any laws and regulations applicable to the relevant Series of Carbon ETC Securities, the Trustee may, without the consent of the Securityholders, prescribe such further regulations regarding the holding of meetings and attendance and voting at them as it in its sole discretion determines including (without limitation) such requirements as the Trustee thinks reasonable to satisfy itself that the persons who purport to make any requisition in accordance with the relevant Trust Deed are entitled to do so and as to the form of voting certificates or block voting instructions so as to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so.

32 The foregoing provisions of this Annex shall have effect subject to the following provisions:

32.1 Meetings of Securityholders of separate Series will normally be held separately. However, the Trustee may, from time to time, determine that meetings of Securityholders of separate Series shall be held together.

32.2 A resolution that in the opinion of the Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the Securityholders of the Series concerned.

32.3 A resolution that in the opinion of the Trustee affects the Securityholders of more than one Series but does not give rise to a conflict of interest between the Securityholders of the different Series concerned shall only be deemed to have been duly passed if passed at a single meeting of the Securityholders of the relevant Series, provided that, for the purposes of determining the votes a

Securityholder is entitled to cast pursuant to paragraph 25, each Securityholder shall have one vote in respect of each Carbon ETC Security held that is outstanding.

32.4 A resolution that in the opinion of the Trustee affects the Securityholders of more than one Series and gives or may give rise to a conflict of interest between Securityholders of the different Series concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Securityholders of the relevant Series.

32.5 To all such meetings as aforesaid, all the preceding provisions of this Annex shall *mutatis mutandis* apply as though references therein to Carbon ETC Securities and to Securityholders were references to the Carbon ETC Securities and Securityholders of the Series concerned.

FURTHER INFORMATION CONCERNING CERTAIN TRANSACTION DOCUMENTS

The following is a summary of certain provisions of certain Transaction Documents relating to the Programme and the Carbon ETC Securities and should be read in conjunction with the rest of this Base Prospectus. The summaries below are of certain provisions of the Transaction Documents and do not purport to be complete and are subject to the detailed provisions of the relevant Transaction Documents.

Capitalised terms used in the summaries below but not defined therein shall have the meanings given to such terms in Conditions.

Issue Deed

The Issue Deed relating to a Series of Carbon ETC Securities will be entered into by the Issuer, the Trustee and the other parties named therein at the time of the first Tranche of Carbon ETC Securities for that Series and will apply, without further action and without the need for re-execution or execution of a new Issue Deed, to any further Tranches of that Series. The Issue Deed is entered into for the purpose of constituting and securing the relevant Series of Carbon ETC Securities and sets out the terms of the Transaction Documents relating to such Series of Carbon ETC Securities (including the relevant master terms which apply and any amendments thereto). Under the terms of the Issue Deed relating to a Series of Carbon ETC Securities, the execution of the Issue Deed will constitute the Trust Deed, each Security Document, the Agency Agreement, the Determination Agent Agreement, the Carbon Counterparty Agreement, the Custody Agreement and the Carbon Accounts Administrator Agreement for such Series of Carbon ETC Securities on the terms set out in the Issue Deed.

Trust Deed

Provisions Relating to the Issuer and the Trustee

The Trust Deed relating to a Series of Carbon ETC Securities will be entered into as a deed by the Issuer, the Trustee and each other party thereto upon the execution of the Issue Deed. The Issue Deed will incorporate and may amend and/or supplement the Master Trust Terms. The relevant Trust Deed contains the provisions setting out the various obligations of the Issuer and the Trustee with respect to the relevant Series of Carbon ETC Securities. Each Trust Deed relating to a Series of Carbon ETC Securities will be governed by and construed in accordance with English law.

The relevant Trust Deed will constitute the Carbon ETC Securities of the relevant Series and will set out the covenants of the Issuer, including, *inter alia*, its covenant to pay or deliver, provisions relating to its duty to provide various persons with information, to prepare and display certain information, not to engage in any business pursuant to clause 6.22 (*Restrictions*) of the relevant Trust Deed other than as contemplated therein (most importantly, subject to certain conditions in relation to the issuance of series of securities) and its duties with respect to its obligations under the Carbon ETC Securities.

Each Trust Deed will also set out the basis for the remuneration and indemnification of the Trustee in respect of its duties, the conditions for appointment, retirement and removal and contains provisions which are supplemental to certain statutory provisions and which set out the powers of the Trustee and the extent of its duties. The Trustee in respect of a Series of Carbon ETC Securities may retire at any time on giving at least 90 calendar days' prior written notice to the Issuer without giving any reason or being responsible for any costs occasioned by such retirement and either the Issuer (subject to the Programme Administrator's consent) or the Securityholders (by way of Extraordinary Resolution) may remove any Trustee on giving at least 90 calendar days' prior written notice to the Trustee without giving any reason or being responsible for any costs occasioned by such removal, provided that the retirement or removal of a sole trust corporation shall not be effective until a trust corporation is appointed as successor Trustee. For this purpose, if a sole trust corporation gives notice of retirement or it has been removed by the Issuer or by way of an Extraordinary Resolution, the Issuer shall use all reasonable endeavours to procure that another trust corporation be appointed as Trustee but if it fails to do so on or prior to the 60th calendar day

following notice of retirement or removal (as applicable), the Trustee shall have the power to appoint a new Trustee. In addition, the relevant Trust Deed sets out terms relating to the immediate termination of the Trustee's appointment upon the Programme Administrator's determination of a Trustee Bankruptcy Event or, at the Issuer's option, following a Trustee Breach (as defined in the relevant Trust Deed).

Security Documents

By executing the relevant Issue Deed, (A) the Issuer and the Trustee will be deemed to have entered into (i) a security interest agreement governed by the laws of Jersey and (ii) a security deed governed by English law and (B) the Issuer, the Trustee and the Custodian will be deemed to have entered into a security document relating to the relevant Allowance Type (for example, a pledge agreement governed by Luxembourg law where the Allowance Type is EUAs), each in relation to the relevant Series of Carbon ETC Securities and on the terms set out in the Master Jersey Law Security Terms, the Master English Law Security Terms and the relevant master terms applying to such Allowance(s) Security Document respectively, and each as amended or supplemented by such Issue Deed. The Security in respect of a Series of Carbon ETC Securities is constituted pursuant to the Security Documents relating to such Series and each Security Document will set out, *inter alia*, provisions relating to the creation and enforcement of the Security, the appointment of receivers (or, in the case of the Jersey Law Security Interest Agreement or where the Allowance(s) Security Document is the Luxembourg Law Pledge Agreement, an Appointee (in each case, as defined therein)), the rights of the Trustee in relation to Secured Property and provisions relating to the application of the net proceeds derived from the realisation of the Secured Property on enforcement. See Condition 5 for a description of the terms of the Security.

Agency Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into an agency agreement governed by English law in relation to the Carbon ETC Securities on the terms set out in the Master Agency Terms as amended or supplemented by such Issue Deed with each person executing the Issue Deed in the capacity of Programme Administrator, Issuing Agent, Carbon Accounts Administrator, Paying Agent, Determination Agent and Trustee. The Agency Agreement sets out the duties and obligations of the Issuing Agent and Paying Agent in relation, *inter alia*, to (i) the issue, payment, replacement and cancellation of the Carbon ETC Securities and (ii) the basis for the remuneration and indemnification of such agents in respect of their respective duties. The Agency Agreement also sets out the terms for the appointment, resignation (by at least 60 calendar days' prior notice to the Issuer and the Trustee, which notice shall expire at least 30 calendar days before any due date for payment in respect of that Series of Carbon ETC Securities) and termination of the appointment of the Issuing Agent or Paying Agent (by at least 60 calendar days' prior notice from the Issuer, which notice shall expire at least 30 calendar days before any due date for payment in respect of that Series of Carbon ETC Securities or on the occurrence of certain events, as applicable (including, without limitation, an Agent Agreement Breach (as defined in the relevant Agency Agreement), Issuing Agent Bankruptcy Event, Paying Agent Bankruptcy Event or an Issuer/Issuing Agent Regulatory Breach (as defined in the relevant Agency Agreement)).

Carbon Accounts Administrator Agreement

By executing the relevant Issue Deed, the Issuer, the Trustee, the Programme Administrator and the Carbon Accounts Administrator will be deemed to have entered into a Carbon Accounts Administrator Agreement, such agreement to be governed by English law in relation to the Carbon ETC Securities on the terms set out in the Master Carbon Accounts Administrator Terms, as amended or supplemented by such Issue Deed. Each Carbon Accounts Administrator Agreement sets out the duties and obligations of the Carbon Accounts Administrator in relation to the relevant Series of Carbon ETC Securities and the basis for their respective liability, remuneration and indemnification.

The Carbon Accounts Administrator shall agree, under the Carbon Accounts Administrator Agreement, to, *inter alia*, (i) instruct the Custodian to maintain and operate the relevant Series Carbon Account, (ii) assist the Custodian in complying with any registration, reporting or any other ongoing compliance requirements and (iii) provide relevant notifications to the relevant Transaction Parties (as applicable) in accordance with the Conditions and the relevant Carbon Accounts Administrator Agreement, including notifying the relevant Transaction Parties when Allowance(s) have been delivered to the relevant Series Carbon Account pursuant to a subscription.

Each Carbon Accounts Administrator Agreement also sets out the terms relating to the appointment, resignation (by at least 60 calendar days' prior notice to that effect to the Issuer which notice shall expire at least 30 calendar days before any due date for any transfer of Allowance(s) in respect of the Carbon ETC Securities of that Series) and termination of the appointment of the Carbon Accounts Administrator (by at least 60 calendar days' prior notice from the Issuer which notice shall expire at least 30 calendar days before any due date for any transfer of Allowance(s) in respect of the Carbon ETC Securities of that Series or on the occurrence of certain events (including, without limitation, a Carbon Accounts Administrator Bankruptcy Event or a Carbon Accounts Administrator Breach (as defined in the relevant Carbon Accounts Administrator Agreement)).

Determination Agent Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into a determination agent agreement governed by English law in relation to the relevant Series of Carbon ETC Securities on the terms set out in the Master Determination Agent Terms, as amended or supplemented by such Issue Deed with the persons executing the Issue Deed in the capacity of Determination Agent, Programme Administrator, Trustee and Carbon Accounts Administrator. The Determination Agent Agreement sets out the duties and obligations of the Determination Agent in relation to the relevant Series of Carbon ETC Securities and the basis for their respective liability, remuneration and indemnification. Each Determination Agent Agreement sets out the conditions for appointment, resignation and termination of the Determination Agent.

The Issuer may at any time terminate the appointment of the Determination Agent relating to a Series of Carbon ETC Securities on giving the Determination Agent not less than 60 calendar days' prior notice to that effect. The Determination Agent in respect of a Series of Carbon ETC Securities may resign its appointment at any time without giving any reason by giving the Issuer at least 60 calendar days' prior notice to that effect.

Notwithstanding termination by the Issuer as described above, the Issuer may (at its option), at any time terminate the appointment of a Determination Agent with immediate effect following a Determination Agreement Breach and subject to any applicable law that may prevent such automatic termination, the appointment of a Determination Agent will terminate forthwith if a Determination Agent Regulatory Breach occurs or if the Programme Administrator determines that a Determination Agent Bankruptcy Event has occurred with respect to such Determination Agent.

Without prejudice to any immediate termination of the appointment of the Determination Agent, no termination or resignation of the appointment of a Determination Agent will take effect until a replacement Determination Agent (which shall be an Eligible Determination Agent) has been appointed; provided that if the Issuer fails to appoint a successor to such Determination Agent on or prior to the 45th calendar day of notice of termination or resignation (as applicable) (or such other period specified by the Programme Administrator), the Determination Agent shall be entitled to nominate an Eligible Determination Agent that would be willing to take on such role. The Determination Agent's resignation or termination (as applicable) shall become effective on the day a successor is appointed.

The Determination Agent will have no duties or responsibilities except those expressly set forth in the Relevant Provisions relating to the relevant Series of Carbon ETC Securities and no implied or inferred duties or obligations of any kind will be read into the relevant Determination Agent Agreement against or on the part of the Determination Agent.

The Determination Agent will not incur any liability to any person in acting upon any Carbon ETC Security, signature, or other document or information from any electronic or other source reasonably believed by it to be genuine and believed by it to have been signed or otherwise given or disseminated by the proper party or parties, in each case received by it in connection with the performance of its duties under the relevant Determination Agent Agreement.

The Determination Agent has no obligation to notify anyone of the execution of the Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, or a Potential Event of Default or an Early Redemption Event (or any event which with the passing of time or the giving of a notice would constitute an Early Redemption Event) has occurred (other than as required pursuant to Condition 7(d)(iii) with respect to a Value per Carbon ETC Security Threshold Redemption Event) or if the Security under the Security Documents has become enforceable. Until it has actual knowledge or express notice to the contrary, the Determination Agent may assume that no such event has occurred and that the Issuer and all other Transaction Parties are performing all their respective obligations under the Carbon ETC Securities and the other Transaction Documents. The Determination Agent is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Determination Agent shall not be responsible for any errors made by the Issuer, the Trustee, the Programme Administrator, the Carbon Counterparty, the Custodian, the Carbon Accounts Administrator or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of them. The Determination Agent will not be liable to the Issuer or any Transaction Party for any loss which may be sustained in the purchase, holding or sale of any Allowance(s) or other asset by the Issuer or any Transaction Party.

The Determination Agent is not bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document received by it from the Issuer or any other Transaction Party.

The Determination Agent will have no responsibility or liability for any loss or Damages (as defined in the relevant Determination Agent Agreement) resulting from its being unable to perform any functions or obligations under the relevant Determination Agent Agreement if the same results from any law, regulation or requirement (whether or not having the force of law) of any central bank or governmental or other regulatory authority affecting it.

Nothing in the relevant Determination Agent Agreement or in any other Transaction Document will require the Determination Agent to take any action or refrain from taking any action if the same would be contrary to any applicable law, regulation or requirement of any central bank or government or other regulatory authority affecting it, provided that the Determination Agent has obtained or maintained all necessary licences and approvals to carry on business of the same type as that provided under the relevant Determination Agent Agreement.

Programme Administrator Agreement

The Issuer has entered into the Programme Administrator Agreement with the Programme Administrator governed by English law in relation to all series of Carbon ETC Securities issued by the Issuer under the Programme, as amended, supplemented, novated or replaced from time to time. The Programme Administrator Agreement sets out the respective duties and obligations of the Programme Administrator in relation to the relevant Series of Carbon ETC Securities and the basis for their respective liability and remuneration.

The Programme Administrator Agreement sets out the conditions for appointment, resignation and termination of the Programme Administrator. In particular (i) the Programme Administrator will receive net sale proceeds from the Issuer following a sale of Product Fee Allowance(s) relating to each Series of Carbon ETC Securities (which funds the Product Fee) and will pay on behalf of the Issuer certain costs of the Programme (as set out in the schedule to the Programme Administrator Agreement) (for example the fees, costs and charges of certain Transaction Parties) and the Issuer more generally; (ii) in case the net sale proceeds (comprising the Product Fees) that it receives from the Issuer are insufficient to cover the costs of the Programme as set out in the schedule to the Programme Administrator Agreement, the Programme Administrator will pay the excess of such costs on behalf of the Issuer and will not have a claim against the Issuer in respect of the excess amount so paid; and (iii) the fees of the Programme Administrator for its services shall be the residual amount of the aggregate net sale proceeds (comprising the Product Fees relating to each relevant Series of Carbon ETC Securities) received by it from the Issuer, that it shall retain having paid the costs of the Programme set out in the schedule to the Programme Administrator Agreement.

The Programme Administrator has certain discretions to adjust the levels of the Product Fee Percentage (and, therefore, the Product Fee) in relation to each Series of Carbon ETC Securities. The remuneration of the Programme Administrator is included in the Product Fee in relation to each Series of Carbon ETC Securities and depends on the net sale proceeds from the sale of the corresponding Product Fee Allowance(s) and their sufficiency to cover certain costs of the Programme and the Issuer more generally.

The Issuer may at any time terminate the appointment of the Programme Administrator relating to a Series of Carbon ETC Securities on giving the Programme Administrator not less than 60 calendar days' prior notice to that effect.

Notwithstanding the foregoing, the Issuer may (at its option) terminate the appointment of a Programme Administrator with immediate effect if: (i) the Programme Administrator commits any material breach of its obligations under the Programme Administrator Agreement and, to the extent such breach is capable of being remedied, the Programme Administrator fails to cure such breach within 15 calendar days of its becoming aware of, or its receiving notice from the Issuer or the Trustee of such breach or (ii) the Programme Administrator commits any breach of its obligations under the Programme Administrator Agreement and, to the extent such breach is capable of being remedied, the Programme Administrator fails to cure such breach within 30 calendar days of its becoming aware of, or its receiving notice from the Issuer or the Trustee of such breach.

The Programme Administrator in respect of a Series of Carbon ETC Securities may resign its appointment at any time without giving any reason and without being liable for the costs of the Issuer by giving the Issuer at least 60 calendar days' prior notice to that effect.

Without prejudice to any immediate termination of the appointment of a Programme Administrator in accordance with the Programme Administrator Agreement, no termination or resignation of the appointment of a Programme Administrator will take effect until a replacement Programme Administrator (which will be a leading bank, asset manager, financial institution or investment banking firm which is an Eligible Programme Administrator) has been appointed; provided that if the Issuer fails to appoint a successor to such Programme Administrator on or prior to the 30th calendar day of notice of termination or resignation (as applicable) (or such other period specified by the Programme Administrator), the Programme Administrator will be entitled to nominate such an Eligible Programme Administrator that would be willing to take on such a role. The Programme Administrator's resignation or termination (as applicable) will become effective on the day a successor is appointed.

The Programme Administrator will have no duties or responsibilities except those expressly set forth in the Programme Administrator Agreement, the Conditions and any Transaction Document to which it is a party and no implied or inferred duties or obligations of any kind will be read into the Programme Administrator Agreement against or on the part of the Programme Administrator. Except as provided in clause 7.2 (*No*

implied duties of the Programme Administrator) of the Programme Administrator Agreement, the Programme Administrator shall not, and shall not be deemed to, assume or be liable for the obligations or duties of the Issuer or any other person under the Conditions, the Trust Deed or any other Transaction Document.

The Programme Administrator will not incur any liability to any person in acting upon any Carbon ETC Security, signature, or other document or information from any electronic or other source reasonably believed by it to be genuine and believed by it to have been signed or otherwise given or disseminated by the proper party or parties, in each case received by it in connection with the performance of its duties under the Programme Administrator Agreement.

The Programme Administrator has no obligation to notify anyone of the execution of the Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, or a Potential Event of Default or an Early Redemption Event (or any event which with the passing of time or the giving of a notice would constitute an Early Redemption Event) has occurred or if the Security under the Security Documents has become enforceable. The Programme Administrator is not responsible for monitoring or supervising the performance by any other person (other than itself) of its obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Programme Administrator will not be responsible for any errors made by the Issuer, the Trustee, the Determination Agent, the Carbon Accounts Administrator, the Custodian, the Carbon Counterparty or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them.

The Programme Administrator is not bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document received by it from the Issuer or any other Transaction Party.

The Programme Administrator will have no responsibility or liability for any Loss resulting from its being unable to perform any functions or obligations under the Programme Administrator Agreement if the same results from any law, regulation or requirement (whether or not having the force of law) of any central bank or governmental or other regulatory authority affecting it. Nothing in the Programme Administrator Agreement or in any other Transaction Document will require the Programme Administrator to take any action or refrain from taking any action if the same would be contrary to any applicable law, regulation or requirement of any central bank or government or other regulatory authority affecting it.

Authorised Participant Agreement

The Issuer and the Programme Administrator will enter into authorised participant agreements (which are generally expected to be governed by English law but may be governed by the law of another jurisdiction (as may be agreed between the parties thereto)) with each Authorised Participant in relation to the Carbon ETC Securities, as amended, supplemented, novated or replaced from time to time. Each Authorised Participant Agreement sets out the provisions relating to the subscription by each Authorised Participant of Carbon ETC Securities of the relevant Series and buy-back of Carbon ETC Securities of such Series by the Issuer. Each Authorised Participant Agreement also sets out the terms on which an Authorised Participant may offer, sell or deliver Carbon ETC Securities and contains certain representations, warranties and undertakings of the Authorised Participant in relation thereto.

Pursuant to the Authorised Participant Agreement, in connection with a Subscription Order relating to an issuance of Carbon ETC Securities in respect of a Series following the Series Issue Date, the Authorised Participant agrees to subscribe and pay for the number of Carbon ETC Securities of such Series of Carbon ETC Securities as specified in the relevant valid Subscription Order, by delivering a number of Allowance(s) in respect of each such Carbon ETC Security equal to the Subscription Settlement Amount (in respect of such Subscription Order to be delivered to the Issuer) to the Series Carbon Account held by the Issuer by such time on or before the original Subscription Settlement Date as separately agreed between the parties

from time to time and by such time as separately agreed between the parties. Provided the Issuing Agent has received a notice from the Carbon Accounts Administrator that the Subscription Settlement Amount has been delivered, the Issuing Agent on behalf of the Issuer shall cause the relevant Carbon ETC Securities to be issued and settled on the relevant Subscription Settlement Date in accordance with the relevant Authorised Participant Agreement. If, following delivery of the relevant Allowance(s) to the Series Carbon Account, the related subscription order fails to settle on or before the 5th Business Day following the original Subscription Settlement Date due to a failure by the Issuer to cause the Carbon ETC Securities relating to such subscription order to be issued to the Authorised Participant and settled on the original Subscription Settlement Date, such relevant Allowance(s) shall be re-delivered to the corresponding Authorised Participant following cancellation of the corresponding subscription order.

Each Authorised Participant shall represent, pursuant to the relevant Authorised Participant Agreement, that in respect of the relevant Series of Carbon ETC Securities, all Allowance(s) purchased by the Authorised Participant and delivered to the Issuer in respect of a valid Subscription Order (or in respect of any other delivery of Allowance(s) (if any) by the Authorised Participant to the Issuer pursuant to the Conditions and/or the Transaction Documents relating to the Series) originate from a Reputable Source (as defined in the relevant Authorised Participant Agreement and which shall include Allowance(s) purchased through an auction platform hosted by the EEX or the Intercontinental Exchange, Inc.).

In respect of a valid Buy-Back Order, notwithstanding anything to the contrary, delivery of a number of Allowance(s) equal to the relevant Buy-Back Redemption Amount by the Issuer (or the Carbon Accounts Administrator (acting on behalf of the Issuer) by instruction to the Custodian) to the relevant Authorised Participant in respect of such Buy-Back Order of any Carbon ETC Securities shall be made only following receipt by the Issuer of a confirmation from the Issuing Agent (such confirmation copied to the Programme Administrator, the Custodian and Carbon Accounts Administrator) that delivery of the relevant Carbon ETC Securities relating to such Buy-Back Order to the Issuer has settled. Only an Authorised Participant may submit a Subscription Order or a Buy-Back Order, and in each case, the Issuer will only accept a Subscription Order or a Buy-Back Order, as applicable, if it is given by an Authorised Participant and all conditions precedent to an issue or buy-back (as applicable) of the Carbon ETC Securities are satisfied.

In accordance with the terms of the Authorised Participant Agreement the Issuer will not be obliged to accept any Subscription Order or Buy-Back Order if, *inter alia*, (i) in the case of a Subscription Order only, a Suspension Event has occurred and/or (ii) an Early Redemption Event has occurred and/or (iii) an Issuing Agent Bankruptcy Event has occurred that results in the appointment of the Issuing Agent being terminated (until such time as a replacement Issuing Agent is appointed in accordance with the Agency Agreement) and/or (iv) an Agent/Trustee Redemption Event Notice, a VAT Redemption Event Notice, a Value per Carbon ETC Security Threshold Level Notice, a Termination Event Redemption Notice, a Euro Dissolution Event Notice, a Theft Redemption Event Notice, an Agent Bankruptcy/Breach Redemption Event Notice, an EUA Regulatory Redemption Event Notice, a Phase IV Ineligibility Event Notice (if applicable), an Abandonment of Scheme Redemption Event Notice, a Carbon Accounts Closure Redemption Event Notice, an Emissions Disruption Redemption Event Notice, an Issuer Redemption Notice, an Issuer Call Redemption Notice or an Event of Default Redemption Notice has been delivered.

Any Subscription Order in respect of which the Carbon ETC Securities are pending issue and settlement to the Authorised Participant as at the Early Redemption Valuation Date or Final Redemption Valuation Date, will automatically be cancelled with effect from the Early Redemption Valuation Date or Final Redemption Valuation Date (as applicable) and any Allowance(s) delivered by the Authorised Participant in relation to such Subscription Order shall be returned to the Authorised Participant.

Any Buy-Back Order in respect of which either (i) the Buy-Back Settlement Date (as defined in the relevant Authorised Participant Agreement) has not yet occurred; or (ii) after the occurrence of the Buy-Back Settlement Date, the Authorised Participant has not delivered the relevant Carbon ETC Securities (or that delivery of the relevant Carbon ETC Securities to the Issuer has not settled), in both cases as at the Early Redemption Valuation Date or Final Redemption Valuation Date, will automatically be cancelled with effect

from the Early Redemption Valuation Date or the Final Redemption Valuation Date, as applicable and any Carbon ETC Securities delivered by the Authorised Participant in relation to such Buy-Back Order shall be returned to the Authorised Participant.

The Authorised Participant Agreement sets out the conditions for appointment and resignation (by at least 60 calendar days' prior notice to the Issuer). The Issuer may at any time terminate the appointment of the relevant Authorised Participant with immediate effect, if (i) the relevant Authorised Participant commits any material breach of its obligations in relation to any Series under the Authorised Participant Agreement and to the extent such breach is capable of being remedied the Authorised Participant fails to cure such breach within 15 calendar days of the relevant Authorised Participant becoming aware of, or its receiving notice from the Issuer, the Determination Agent, the Programme Administrator, the Issuing Agent or the Trustee of such breach, (ii) if the Issuer determines, in good faith and in a commercially reasonable manner, that, in respect of each relevant Series, the conduct of such Authorised Participant is detrimental to the reputation or development potential of the business of the Issuer or any other Transaction Party or the relationships of those entities with third parties, (iii) the Authorised Participant is in breach of the Authorised Participant Regulatory Requirements (as defined in the Authorised Participant Agreement) in relation to any Series or (iv) in respect of any Series, the Authorised Participant is subject to an Authorised Participant Bankruptcy Event (as defined in the Authorised Participant Agreement) (provided, in the case of a termination as a result of an Authorised Participant Bankruptcy Event, that it is permissible under any applicable law for the Issuer to terminate as a result of such event).

The Issuer may otherwise terminate the appointment of the Authorised Participant at any time by giving the Authorised Participant at least 60 calendar days' prior notice to that effect.

Carbon Counterparty Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into a carbon counterparty agreement governed by English law in relation to the Carbon ETC Securities on the terms set out in the Master Carbon Counterparty Terms, as amended or supplemented by such Issue Deed with each person executing the Issue Deed in the capacity of Carbon Counterparty, Programme Administrator, Trustee and Determination Agent. The Carbon Counterparty Agreement sets out the provisions relating to the sale by the Issuer and purchase by the Carbon Counterparty of the Underlying Allowance(s) in respect of the relevant Series of Carbon ETC Securities during a Redemption Disposal Period and of Product Fee Allowance(s) in relation to the Product Fee. The Carbon Counterparty Agreement also contains certain undertakings of the Carbon Counterparty in relation thereto. The Carbon Counterparty Agreement sets out, *inter alia*, the conditions for termination of the Carbon Counterparty's agreement to act (by either the Issuer or the Carbon Counterparty by at least 60 calendar days' prior notice to that effect or with immediate effect if a Carbon Counterparty Bankruptcy Event occurs).

Custody Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into a custody agreement governed by Luxembourg law in relation to the Carbon ETC Securities on the terms set out in the Master Custody Terms, as amended or supplemented by such Issue Deed with each person executing the Issue Deed in the capacity of Custodian, Carbon Accounts Administrator, Programme Administrator and Trustee.

Each Custody Agreement sets out the duties and obligations of the Custodian in relation to the relevant Series of Carbon ETC Securities and the Series Carbon Account including, *inter alia*, (i) following its receipt of a Valid Instruction (as defined in the relevant Custody Agreement), opening and maintaining a Series Carbon Account in its own name but on behalf of the Issuer with the Union Registry (which will be administered and operated by the Carbon Accounts Administrator) and (ii) maintaining a record of the aggregate number of Underlying Allowance(s) held in the Series Carbon Account. For purposes of operating the Series Carbon Account, the Custodian is expected to appoint eight authorised

representatives in respect of each Series Carbon Account (comprising six representatives of the Carbon Accounts Administrator, one representative of the Custodian and one representative of the Programme Administrator (such representative of the Programme Administrator being a passive authorised representative with "read only" access account permissions)).

Each Custody Agreement sets out the conditions for the remuneration, indemnification and liability of the Custodian as well as its appointment, resignation and termination. The Issuer may at any time terminate the appointment of the Custodian relating to a Series of Carbon ETC Securities on giving the Custodian not less than 60 calendar days' prior notice to that effect, which notice shall expire at least 30 calendar days before any due date for any transfer of Allowance(s) in respect of the Carbon ETC Securities of that Series. The Custodian in respect of a Series of Carbon ETC Securities may resign its appointment at any time without giving any reason by giving the Issuer at least 60 calendar days' prior notice to that effect, which notice shall expire at least 30 calendar days before any due date for any transfer of Allowance(s) in respect of the Carbon ETC Securities of that Series. Without prejudice, *inter alia*, to the termination events specified in the immediate paragraph below (including any immediate termination of the appointment of the Custodian), no termination or resignation of the appointment of the Custodian will take effect until a replacement Custodian (which shall be an Eligible Custodian) has been appointed; provided that if the Issuer fails to appoint a successor to such Custodian on or prior to the 30th calendar day of notice following notice of termination or resignation (as applicable) (or such other period specified by the Programme Administrator), the Custodian shall be entitled to nominate an Eligible Custodian that would be willing to take on such role. The Custodian's resignation or termination (as applicable) shall become effective on the day a successor is appointed.

In addition, the appointment of the Custodian may be terminated in certain other circumstances including, *inter alia*, if the Programme Administrator determines that a Custodian Bankruptcy Event has occurred (resulting in immediate termination) or the occurrence of a Custodian Illegality Event, a Custodian Breach (at the Issuer's option), a Custody Agreement AML Breach or a Custodian Disrepute Event (each as defined in the relevant Custody Agreement).

REASONS FOR THE OFFER AND USE OF PROCEEDS

The Carbon ETC Securities are designed to provide investors with exposure to a number of Allowance(s) of the specified Allowance Type without having to take physical delivery of such Allowance(s).

The net proceeds from the issue of a Series of Carbon ETC Securities will be a number of Allowance(s) which will be held in the Series Carbon Account (which is opened in the name of the Custodian (for the benefit of the Issuer) and managed and/or operated by the Carbon Accounts Administrator by instruction to the Custodian). Such Underlying Allowance(s) shall be used to meet the Issuer's obligations under the relevant Series of Carbon ETC Securities.

DESCRIPTION OF THE ISSUER

General

The Issuer was registered and incorporated in Jersey as a public limited company on 18 October 2022 pursuant to the Companies (Jersey) Law 1991, with registration number 145739 and under the name Xtrackers (Jersey) ETC PLC. The Legal Entity Identifier ("**LEI**") of the Issuer is 213800ZR8TEN6R6S9T85.

The Issuer has been incorporated for an indefinite period. The Registered Office of the Issuer is at IFC 5, St. Helier, JE1 1ST, Jersey. The telephone number of the Issuer is +44 (0) 1534 847000. The authorised share capital of the Issuer is GBP 2 divided into two ordinary shares of GBP 1 each. The issued share capital of the Issuer is GBP 2 divided into two ordinary shares of GBP 1 each. The Issuer is owned by two nominee companies, which hold the issued share capital for the benefit of a purpose trust established pursuant to a declaration of trust on 18 January 2023. The trustee of the purpose trust is Apex Financial Services (Trustees) Limited, and the enforcer is Apex (EP) Limited ("**AEPL**"). As the issued ordinary shares are beneficially held by the purpose trust, AEPL is considered to be the 'controller' of the Issuer as the purpose trust gives them the ability to appoint and/or remove Apex Financial Services (Trustees) Limited. AEPL is a subsidiary of Apex Financial Services Jersey Limited, which is regulated by the Jersey Financial Services Commission.

The Issuer has not conducted any business since its date of incorporation except as contemplated by this Base Prospectus and the Transaction Documents and matters incidental thereto, and no financial statements have been drawn up as of the date of the Base Prospectus.

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The objects of the Issuer are unlimited and therefore include, *inter alia*, the power to issue securities and to raise or borrow money, to grant security over its assets for such purposes, to lend with or without security and to enter into derivative transactions Cash flow derived from the Secured Property securing the Carbon ETC Securities will be the Issuer's only source of funds to fund payments in respect of such Carbon ETC Securities.

The Issuer does not have any subsidiary undertakings.

No person other than the Issuer will be obliged to make payments on the Carbon ETC Securities and the Carbon ETC Securities will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Carbon ETC Securities (i) do not represent an interest in and will not be obligations of, or insured or guaranteed by, the Programme Administrator, the directors, the Corporate Services Provider, any Transaction Party or any subsidiary, holding company or any company associated with any of them, (ii) will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme and (iii) are not insured or guaranteed by any government, government agency or other body.

There has been no material adverse change in the financial position or prospects of the Issuer since 18 October 2022, such date being the date of its incorporation. Other than the issue of the Carbon ETC Securities, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

So long as any of the Carbon ETC Securities remain outstanding, the Issuer will be subject to the restrictions set out in the Master Trust Terms. In particular, the Issuer has undertaken not to engage in any business other than the issue of securities and any amendment, exchange, repurchase, cancellation or reissue or resale of the same, the acquisition of Allowance(s) in connection with such issuances and the entry into of related agreements and transactions and the performing of acts required thereunder or which relate or are incidental thereto or reasonably necessary (in the opinion of the Issuer) in connection therewith or in furtherance thereof, in accordance with Condition 6(i). The only assets of the Issuer

available to meet claims of the holders of a Series of Carbon ETC Securities and the relevant Secured Creditors are the rights and assets comprised in the Secured Property relating to the relevant Series.

Directors and Company Secretary

The Issuer's Constitution provides that the Board of Directors of the Issuer will consist of at least two Directors.

The Directors of the Issuer as at the date of this Base Prospectus are Paul Michael Monahan and Vinod Kumar Rajput.

The business address of the Directors is IFC 5, St. Helier, JE1 1ST, Jersey. The principal activities of the Directors outside the Issuer are as employees of the Corporate Services Provider.

The Company Secretary and the Corporate Services Provider of the Issuer is Apex Financial Services (Corporate) Limited of IFC 5, St. Helier, JE1 1ST, Jersey. Pursuant to the Administration Services Agreement, its duties include the provision of (i) certain management, administrative, secretarial, accounting and related services and (ii) instructions to operate the Series Cash Account in respect of the relevant Series with respect to any credits from, or debits to, such account in accordance with the Conditions.

Financial Statements

The Issuer was incorporated on 18 October 2022 and so no financial statements have been made up as at the date of this Base Prospectus.

The Issuer agrees in the relevant Trust Deed to provide the Trustee with a certificate of the Issuer signed by any duly authorised signatory of the Issuer, on an annual basis and upon request, to the effect that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five calendar days before the date of the certificate, no Event of Default or Potential Event of Default or event pursuant to which the security has become enforceable had occurred since the Certification Date of the last such certificate or (if none) the date of the relevant Issue Deed or, if such event had occurred, giving details of it.

Data Protection

The Issuer has published a notice to Securityholders regarding the collection, recording, adaptation, transfer and other processing and use of personal data by and on behalf of the Issuer (the "**Privacy Notice**"), in accordance with General Data Protection Regulation (EU) 2016/679 and national supplementing legislation and the Data Protection (Jersey) Law 2018. Such Privacy Notice sets out the types of personal data that may be processed, to whom such personal data may relate and how it may be sourced, and the relevant parties who may process or receive such personal data and for what purposes, and otherwise explains certain policies and practices that have been put in place to ensure the privacy of such personal data.

The Privacy Notice further describes the rights of Securityholders to request (i) the access to their personal data, (ii) the rectification and (iii) the erasure of their personal data, (iv) the restriction to the processing of their personal data, and (v) the transfer of their personal data to third parties, as well as the right of Securityholders to lodge a complaint in terms of data protection related issues with the relevant supervisory authority, the right to withdraw their consent on the processing of personal data and the right to object the processing of their personal data.

Details of the up-to-date Privacy Notice are available under "Risks and Terms", subsection "ETC Privacy Notice" on www.etf.dws.com (or such other website notified by the Issuer for such series of Carbon ETC Securities from time to time).

INFORMATION CONCERNING THE CARBON COUNTERPARTY, THE CARBON ACCOUNTS ADMINISTRATOR, THE PROGRAMME ADMINISTRATOR AND THE PAYING AGENT

Programme Administrator: DWS Investments UK Limited

The information in this section has been accurately reproduced from information published by DWSI or is information that has been provided by DWSI and has been included to provide disclosure for where DWSI acts as the Programme Administrator. So far as the Issuer is aware and is able to ascertain from information published by DWSI no facts have been omitted which would render the reproduced information inaccurate or misleading.

DWS Investments UK Limited ("**DWSI**") is a private company limited by shares to which the Companies Act 2006 applies and was incorporated in England and Wales in 2004. It was previously named DB Absolute Return Strategies Limited and subsequently renamed Deutsche Asset Management (UK) Limited but on 21 December 2018 was renamed to DWS Investments UK Limited. The registration number of DWSI is 05233891 on the register maintained by Companies House. Its registered office is at Winchester House, 1 Great Winchester Street, London, EC2N 2DB. DWSI is a financial services institution regulated by the UK's Financial Conduct Authority ("**FCA**"). DWSI holds a FCA-license for individual portfolio management and investment advice amongst other activities. The Legal Entity Identifier (LEI) of DWSI is 529900IDIVPXHQ72XG19.

Carbon Counterparty: Standard Chartered Bank

The information in this section has been accurately reproduced from information published by Standard Chartered Bank ("**SCB**") or is information that has been provided by SCB and has been included to provide disclosure for where the Final Terms for any Series specifies (i) EUAs as the relevant Allowance Type and (ii) SCB as the Carbon Counterparty. So far as the Issuer is aware and is able to ascertain from information published by SCB, no facts have been omitted which would render the reproduced information inaccurate or misleading.

SCB was incorporated in England with limited liability by Royal Charter on 29 December 1853 and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Legal Entity Identifier (LEI) of SCB is RILFO74KP1CM8P6PCT96 and its principal office and principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V 5DD. SCB's telephone number at its principal office is 020 7885 8888. SCB's reference number is ZC18 and its website is www.sc.com/uk.

SCB is part of a group of companies ("**SCB Group**") the significant business activities of which are to provide international banking and financial services with a particular focus on the markets of Asia, Africa and the Middle East. As at 31 December 2022, the SCB Group had more than 83,000 employees across 59 markets.

SCB has debt securities listed and admitted to trading on a number of exchanges including on the London Stock Exchange's main market (which is a UK regulated market for the purposes of UK MiFIR) and Euronext Dublin (which is a regulated market for the purposes of Directive 2014/65/EU).

Carbon Accounts Administrator: Apex Financial Services (Corporate) Limited

The information in this section has been accurately reproduced from information published by Apex Financial Services (Corporate) Limited ("**AFS Corporate**") or is information that has been provided by AFS Corporate and has been included to provide disclosure for where the Final Terms for any Series specifies (i) EUAs as the relevant Allowance Type, (ii) European Depositary Bank S.A. as the Custodian and (iii) AFS Corporate as the Carbon Accounts Administrator. So far as the Issuer is aware and is able to ascertain from information published by AFS Corporate no facts have been omitted which would render the reproduced information inaccurate or misleading.

AFS Corporate was established on 29 April 1956 and is regulated as a Fund Service Business and Trust Company Business by the Jersey Financial Services Commission. The registration number of AFS Corporate is 702 and its registered office address is IFC 5, St Helier, JE1 1ST, Jersey.

Paying Agent: Citibank, N.A., London Branch

The information in this section has been accurately reproduced from information published by Citibank, N.A., London Branch ("**CBNA London**") or is information that has been provided by CBNA London and has been included to provide disclosure for where CBNA London acts as the Paying Agent. So far as the Issuer is aware and is able to ascertain from information published by CBNA London no facts have been omitted which would render the reproduced information inaccurate or misleading.

Citibank, N.A., London Branch, is authorised and regulated by the Office of the Comptroller of the Currency (USA), authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Citibank, N.A., London Branch, is registered as a branch in the United Kingdom at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

TAXATION

The following is a summary of certain aspects of the tax treatment in respect of payments of the Issuer and amounts paid in respect of the Carbon ETC Securities by the Issuer (or an agent appointed by it) in accordance with the terms and conditions of such Carbon ETC Securities, based on the laws and practices currently in force which are subject to change after the date of this Base Prospectus and which changes could be made on a retrospective basis. It is limited to the country of incorporation of the Issuer and those countries in which admission to trading may be sought or offers for which a prospectus is required under the Prospectus Regulation and that may be made pursuant to this Base Prospectus.

It does not relate to any other tax consequences or to withholdings in respect of payments by other persons (such as custodians, depositaries or other intermediaries) unless otherwise specified. Particular rules may apply to certain classes of taxpayers holding the Carbon ETC Securities. The summary does not purport to be exhaustive and does not constitute tax or legal advice and the comments below are of a general nature only. With respect to certain structured financial instruments, such as the Carbon ETC Securities, it may be the case that in certain jurisdictions there is currently neither case law nor comments of the financial authorities as to the tax treatment of such financial instruments. Accordingly, there is a risk that the relevant financial authorities and courts or the paying agents in such jurisdictions may adopt a view different from that summarised below. Each investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from the purchase, holding, sale and redemption of the Carbon ETC Securities and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.

All payments in respect of the Carbon ETC Securities by the Issuer or by an agent appointed by the Issuer will be subject to any applicable withholding taxes.

None of the Issuer, the Programme Administrator or any Transaction Party makes any representation or warranty as to the tax consequences to any investor of the acquisition, holding or disposal of the Carbon ETC Securities. The tax consequences for each investor in the Carbon ETC Securities can be different and therefore investors and counterparties are advised to consult with their tax advisers as to their specific consequences.

Information Reporting

Information relating to the Carbon ETC Securities, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the Carbon ETC Securities, amounts paid or credited with respect to the Carbon ETC Securities, details of the holders or beneficial owners of the Carbon ETC Securities and information and documents in connection with transactions relating to the Carbon ETC Securities. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries.

Jersey

The following paragraphs summarise certain aspects of the Jersey taxation treatment of holding Carbon ETC Securities and are intended to be viewed as a general guide. Prospective holders of Carbon ETC Securities should consult a tax adviser about the taxation implications of the holder holding Carbon ETC Securities.

Income tax

The Issuer will be regarded as resident in Jersey under the Income Tax (Jersey) Law 1961 (as amended) (the "**Jersey Income Tax Law**") but (being neither a financial services company, a specified utility company, a large corporate retailer nor in the trade of importing into Jersey and/or supplying in Jersey hydrocarbon oil under the Jersey Income Tax Law at the date of this Base Prospectus) will (except as noted below) be subject to Jersey income tax at a rate of 0 per cent (a "**zero tax rating**"). Holders of Carbon ETC Securities (other than residents of Jersey) should not be subject to any tax in Jersey in respect of the holding, sale, redemption or other disposition of Carbon ETC Securities.

For so long as the Issuer holds a zero tax rating, no withholding in respect of Jersey taxation will be required on payments to any holder of certificates who is not Jersey resident.

Stamp Duty

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Carbon ETC Securities. On the death of an individual holder of Carbon ETC Securities (whether or not such individual was resident in Jersey), duty at rates of up to 0.75 per cent of the value of the relevant Carbon ETC Securities may be payable on the registration of Jersey probate or letters of administration.

Goods and services tax

Pursuant to the 2007 Law, tax at a rate which is currently 5 per cent. applies to the supply of retail goods and services, unless the relevant supplier or recipient of such goods and services is registered as an "international services entity".

The Issuer is an **international services entity** within the meaning of the 2007 Law, having satisfied the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended (the "**ISE Regulations**") and, as long as it continues to be such an entity, a supply of goods or of a service made by or to the Issuer shall not be a taxable supply for the purposes of the 2007 Law.

Information Reporting

IGA between Jersey and the United States

The United States Hiring Incentives to Restore Employment Act resulted in the introduction of legislation in the United States known as the Foreign Account Tax Compliance Act ("**FATCA**"). Under FATCA, a 30 per cent. withholding tax may be imposed on payments of United States source income and certain payments of proceeds from the sale of property that could give rise to United States source income, unless the Issuer complies with requirements to report on an annual basis the identity of, and certain other information about, direct and indirect United States holders of Carbon ETC Securities to the United States Internal Revenue Service ("**IRS**") or to the relevant Jersey authority for onward transmission to the IRS. A holder of Carbon ETC Securities issued by the Issuer that fails to provide the required information to the Issuer may be subject to the 30 per cent. withholding tax with respect to any payments directly or indirectly attributable to United States sources and the Issuer might be required to redeem any Carbon ETC Securities held by such holder. On 13 December 2013 an intergovernmental agreement was entered into between Jersey and the US in respect of FATCA which agreement was enacted into Jersey law as of 18 June 2014 by the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014. Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of such withholding tax, no assurance can be given that the Issuer will be able to satisfy such obligations. If the Issuer becomes subject to a withholding tax as a result of FATCA, the return on some or all Carbon ETC Securities issued by the Issuer may be materially and adversely affected. In certain circumstances, the Issuer may compulsorily redeem some or all of the Carbon ETC Securities held by one or more holders.

Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard

The OECD's Common Reporting Standard ("**CRS**") addresses the issue of offshore tax evasion on a global basis. CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Jersey has implemented the CRS by the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015. The Issuer is required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Jersey has committed to a common implementation timetable which has seen the first exchange of information in 2017 in respect of accounts open at and from the end of 2015, with further countries committed to implement the new global standard. Holders of Carbon ETC Securities may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject a holder of Carbon ETC Securities to liability for any resulting penalties or other charges and/or mandatory redemption of Carbon ETC Securities.

Ireland

Introduction

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Carbon ETC Securities based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with holders who beneficially own their Carbon ETC Securities as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Carbon ETC Securities, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Carbon ETC Securities should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Carbon ETC Securities and the receipt of principal thereon under the laws of their country of residence, citizenship or domicile.

TAXATION OF HOLDERS OF CARBON ETC SECURITIES

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from payments on a Carbon ETC Security where such payments do not constitute Irish source income. Payments made on the Carbon ETC Securities may be treated as having an Irish source if:

(a) the Issuer is resident in Ireland for tax purposes; or

(b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which are used to fund the payments on the Carbon ETC Securities; or

(c) the Issuer is not resident in Ireland for tax purposes but the register for the Carbon ETC Securities is maintained in Ireland or (if the Carbon ETC Securities are in bearer form) the Carbon ETC Securities are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; and (iii) bearer Carbon ETC Securities will not be physically located in Ireland and the Issuer will not maintain a register of any registered Carbon ETC Securities in Ireland.

Even if payments on the Carbon ETC Securities were deemed to constitute Irish source interest, the Issuer would not be required to make a withholding or deduction for or on account of Irish income tax from a payment on a Carbon ETC Security where:

(a) the Carbon ETC Securities are Quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (such as the London Stock Exchange plc) and which carry a right to interest; and

(b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:

  (i) the Carbon ETC Securities are held in a clearing system recognised by the Irish Revenue Commissioners; (Euroclear and Clearstream, Luxembourg are, amongst others, so recognised; or

  (ii) the holder of the Carbon ETC Securities and beneficially entitled to interest payable in respect of the Carbon ETC Securities is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Encashment Tax

Irish tax will be required to be withheld at a rate of 25 per cent. from interest on any Carbon ETC Security, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any holder of the Carbon ETC Securities. There is an exemption from encashment tax where (i) the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank or (ii) the beneficial owner of the interest is a company which is within the charge to Irish corporation tax in respect of the interest.

Capital Gains Tax

A holder of the Carbon ETC Securities will not be subject to Irish tax on capital gains on a disposal of the Carbon ETC Securities unless (i) such holder is either resident or ordinarily resident in Ireland or (ii) such holder carries on a trade or business in Ireland through a branch or agency in respect of which the Carbon ETC Securities were used or held or (iii) the Carbon ETC Securities cease to be listed on a stock exchange in circumstances where the Carbon ETC Securities derive their value or more than 50 per cent. of their value from Irish real estate, mineral rights or exploration rights.

Capital Acquisitions Tax

A gift or inheritance of Carbon ETC Securities will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, will be levied at 33 per cent.) if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Carbon ETC Securities are regarded as property situate in Ireland (i.e. if the Carbon ETC Securities are physically located in Ireland).

Stamp Duty

As the Issuer is not registered in Ireland no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Carbon ETC Securities provided (i) the Carbon ETC Securities do not derive their value or the greater part of their value directly or indirectly from any non-residential immovable property situated in Ireland and (ii) the instrument of transfer of the Carbon ETC Securities does not relate to:

(a) any immoveable property situated in Ireland or any right over or interest in such property; or

(b) any stocks or marketable notes of a company which is registered in Ireland (other than a company which is (i) an investment undertaking within the meaning of section 739B of the Taxes

Consolidation Act, 1997 ("TCA") or (ii) a qualifying company within the meaning of section 110 of the TCA).

Germany

The following is a general description of certain tax considerations relating to the purchasing, holding and disposing of the Carbon ETC Securities. It does not purport to be a complete analysis of all tax considerations relating to the Carbon ETC Securities. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular holder of the Carbon ETC Securities. The discussions that follow are based upon the applicable German laws in force and their interpretation on the date of this Base Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retrospective effect.

Prospective holders of the Carbon ETC Securities should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Carbon ETC Securities, including the application and effect of any federal, state or local taxes, under the tax laws of Germany and each country of which they are residents or citizens.

Income Tax

Carbon ETC Securities Held by Tax Residents as Private Assets

In case the Carbon ETC Securities are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, any amounts received with respect to the Carbon ETC Securities are qualified as proceeds from receivables (*Erträge aus sonstigen Kapitalforderungen*). Although the German Income Tax Code distinguishes between the taxation of current proceeds from receivables and the taxation of capital gains from receivables, all proceeds are taxed as capital investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax). The solidarity surcharge is subject to pending proceedings before the Federal Constitutional Court. By law of 10 December 2019 the solidarity surcharge was partially abolished with effect from 1 January 2021; however, this only applies to low incomes and in no case to flat-taxed capital investment income.

Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for amounts treated as investment income of EUR1,000 per year (EUR2,000 for jointly assessed individual investors). The tax allowance is considered for purposes of the withholding tax if the investor files a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Paying Agent (as described below) where the securities deposit account to which the Carbon ETC Securities are allocated is held. The deduction of the effective income related expenses for tax purposes is not possible.

The flat tax does not apply if – as a result of the so-called more favourable-test (*Günstigerprüfung*) – taxation at the personal income tax rate of the Securityholder is more favourable.

Capital losses from the sale or redemption of the Carbon ETC Securities held as private assets should generally be tax-recognised irrespective of the holding period of the Carbon ETC Securities. According to the view of German tax authorities, losses suffered upon a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*) (to the extent the waiver does not qualify as a hidden contribution) shall, in general, not be deductible for tax purposes. With respect to a bad debt loss the German Federal Tax Court has recently rejected the view of German tax authorities. With respect to a (voluntary) waiver of receivable a lower German fiscal court confirmed the view of German tax authorities in a final decision. The German tax authorities did not recognise a capital loss if securities are sold or redeemed at a selling price, which falls short of transaction costs. The same applied if transaction costs are limited by an agreement with the custodian bank according to which the transaction costs are calculated based on the selling price taking certain deductions into account. However, the German Federal Tax Court decided in 2018 that a disposal at a purchase price below transaction costs is to be recognised for tax purposes and

in 2019 the German Federal Ministry of Finance announced that the German tax authorities will comply with the decision of the German Federal Tax Court.

In response to the above-mentioned decisions of the Federal Fiscal Court, the legislator has amended the Income Tax Act with effect from 1 January 2020, according to which bad debt losses, losses from the derecognition or transfer of worthless securities (and other assets in the meaning of Section 20 para. 1 of the German Income Tax Act; *EStG*) to a third party can only be offset with positive capital investment income up to an amount of EUR 20,000. Losses not offset can be carried forward to subsequent years and offset against positive capital investment income up to EUR 20,000. Furthermore, the legislator implemented – with effect from 1 January 2021 – a separate loss set-off pool (*Verlustverrechnungskreis*) for forward transactions (*Termingeschäfte*) within the meaning of Section 20 para. 2 no. 3 German Income Tax Act (*EStG*). According to this, losses from forward transactions cannot be offset against other positive capital investment income, but only against income from forward transactions and option taker premiums (*Stillhalterprämien*), limited to EUR 20,000. Losses not offset can be carried forward and offset in subsequent years up to EUR 20,000. The tax authorities have an extremely broad understanding of the term "forward transaction", which possibly also includes Carbon ETC Securities.

Apart from the restrictions on the use of losses described above, any tax-recognised capital losses may not be used to offset other income like employment or business income but may only be offset against investment income. Capital losses not utilised in one annual assessment period may be carried forward into subsequent assessment periods but may not be carried back into preceding assessment periods.

The flat tax is generally collected by way of withholding. If the Carbon ETC Securities are kept or administered in a domestic securities deposit account by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (together, the "**Domestic Paying Agent**") since their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon (and, if applicable to the individual investor, church tax), is levied on capital gains from the sale or redemption of the Carbon ETC Securities, resulting in a total withholding tax charge of 26.375 per cent. If the Carbon ETC Securities were sold or redeemed after being transferred to a securities deposit account with a Domestic Paying Agent, the 25 per cent. withholding tax (plus solidarity surcharge thereon and, if applicable to the individual investor, church tax) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is applicable to the individual investor. In this case the collection of church tax on capital gains from the sale or redemption of the Carbon ETC Securities is provided for as a standard procedure unless the Securityholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

If no Domestic Paying Agent (as defined above) is involved in the payment process or if no or insufficient withholding tax is withheld by a Domestic Paying Agent, the Securityholder will have to include its income from the Carbon ETC Securities in its tax return and the flat income tax of 25 per cent., plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax, will be collected by way of assessment.

Payment of the flat tax will generally satisfy any income tax liability of the Securityholders in respect of such investment income. Securityholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

Carbon ETC Securities Held by Tax Residents as Business Assets

If the Carbon ETC Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany), capital gains from the sale or

redemption of the Carbon ETC Securities are subject to personal or corporate income tax (plus solidarity surcharge thereon and, if applicable to the individual investor, church tax). Losses realised on the sale or redemption of the Carbon ETC Securities may be offset in particular against items of positive income under the general tax rules or deducted as part of losses carried back or forward, although the minimum taxation rules (Section 10d para. 1 and 2 German Income Tax Act, (Einkommensteuergesetz, EStG)) must be taken into account. Capital gains from the sale or redemption of the Carbon ETC Securities will also be subject to trade tax.

If a Domestic Paying Agent (as defined above) is involved in the payment process tax at a rate of 25 per cent. (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax) shall also be withheld from capital gains from the sale or redemption of the Carbon ETC Securities. With respect to church tax applicable to an individual investor please see above under "*Carbon ETC Securities Held by Tax Residents as Private Assets*". If the creditor of the investment income is a corporation, certain investment income (in particular capital gains) is exempt from withholding tax (Section 43 para. 2 sent. 3 no. 1 German Income Tax Act). The same applies to creditors of a different legal form, in particular a partnership, if the latter declares to the Paying Agent – using an officially prescribed form – that the investment income constitutes business income (*Bertriebseinnahmen*) of a domestic establishment (Section 43 para. 2 sent. 3 no. 2 German Income Tax Act).

Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Carbon ETC Securities Held by Non-tax Residents

Amounts derived from the Carbon ETC Securities by holders who are not tax resident in Germany are in general non-taxable in Germany and no withholding tax shall be withheld, unless (i) the Carbon ETC Securities are held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, or (ii) the income is paid by a Domestic Paying Agent against presentation of the Carbon ETC Securities (if applicable) (so-called over-the-counter transaction, *Tafelgeschäft*).

If the income derived from the Carbon ETC Securities is subject to German taxation according to (i) or (ii) above, the income is subject to German income taxation and withholding tax similar to that described above for German tax residents. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

Inheritance and Gift Tax

The transfer of the Carbon ETC Securities to another person by way of gift or inheritance may be subject to German gift or inheritance tax, respectively, if *inter alia*:

(i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), has its seat or place of management in Germany at the time of the transfer of property; or

(ii) except as provided under (i), the testator's or donor's Carbon ETC Securities belong to business assets attributable to a permanent establishment, or a permanent representative in Germany.

Special regulations may apply to certain German expatriates.

Prospective investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

Other Taxes

No stamp, issue, registration, value added or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Carbon ETC Securities. Under certain

circumstances, however, entrepreneurs may opt for value added tax with regard to the sale of the Carbon ETC Securities to other entrepreneurs. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

SUBSCRIPTION AND SALE

Only Authorised Participants may subscribe for Carbon ETC Securities from the Issuer. The list of Authorised Participants will be published on the website of the Issuer at: https://etf.dws.com/en-lu/audience-selection/?returnUrl=%2fen-lu%2finformation%2fetc-documents%2fannouncements%2f (or such other website as may be notified to Securityholders).

Subject to the immediately following paragraph, the Carbon ETC Securities may be offered, sold, distributed or delivered to any category of potential investors provided that any such offer, sale, distribution and delivery (as applicable) complies with the selling restrictions set out below in this "*Subscription and Sale*" section (the "**Selling Restrictions**"). For the avoidance of doubt, in respect of jurisdictions other than those set out below, (i) each Authorised Participant and (ii) each Authorised Offeror, shall be prohibited from (a) in the case of an Authorised Participant, selling or delivering Carbon ETC Securities; or (b) in the case of an Authorised Offeror, distributing, offering or selling the Carbon ETC Securities, in each case, pursuant to this Base Prospectus other than in accordance with all applicable laws, regulations and directives in the relevant jurisdiction and the Jersey Qualified Investor Requirements. Any such distribution, delivery, offer or sale (as applicable) of Carbon ETC Securities in such jurisdictions shall be further subject to express written consent by the Issuer and the Programme Administrator.

Notwithstanding the paragraph immediately above, this Base Prospectus may not be used in connection with or to distribute, deliver, offer or sell any Carbon ETC Securities (a) listed on the official list of any stock exchange and admitted to trading on any market other than those listed on the official list of a stock exchange in the EEA and admitted to trading on a regulated market or main market of a Member State or (b) to investors in the UK. In particular, this Base Prospectus does not relate to any Carbon ETC Securities listed on any non-EEA stock exchange and trading on any non-EEA market such as the London Stock Exchange plc and/or the SIX Swiss Exchange or distributed, delivered, offered or sold to any investors located in the UK. For the avoidance of doubt, the terms and conditions of any Carbon ETC Securities listed on any non-EEA stock exchange and trading on any non-EEA market or to be distributed, delivered, offered or sold in the UK will be set out in a separate document and will be distributed, delivered, offered and sold pursuant to such separate disclosure and/or offering document as may be required by the laws applicable to such non-EEA jurisdiction and the rules of the relevant non-EEA exchange).

Selling Restrictions

The Jersey Qualified Investor Requirements below shall apply in respect of all distributions, deliveries, offers and sales of Carbon ETC Securities in any country, in addition to the relevant jurisdiction-specific restrictions on distributions, deliveries, offers and sales of Carbon ETC Securities (as applicable) and on the distribution of this Base Prospectus as further set out in this section.

General

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not made and will not make (i) in the case of an Authorised Participant or a further Authorised Participant, a sale or a delivery of Carbon ETC Securities; or (ii) in the case of an Authorised Offeror, a distribution, offer or sale of Carbon ETC Securities, in each case, to anyone other than a person:

(i) who will make or has made a minimum subscription of EUR 100,000 (or fiat currency equivalent) for Carbon ETC Securities;

(ii) who is financially sophisticated and has specialist knowledge of, and experience of investing in, investments such as Carbon ETC Securities, and who is capable of fully evaluating the risks involved in making such investments; and

(iii) who has an asset base sufficiently substantial so as to enable them to sustain any loss that might be suffered as a result of acquiring Carbon ETC Securities,

together, the "**Jersey Qualified Investor Requirements**". Each holder of Carbon ETC Securities will be deemed, by becoming a holder of Carbon ETC Securities, to have represented that they are one of the foregoing persons.

In addition, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that:

(i) it has not made and will not make (a) in the case of an Authorised Participant or a further Authorised Participant, a sale or delivery of Carbon ETC Securities; or (b) in the case of an Authorised Offeror, a distribution, offer or sale of Carbon ETC Securities, in each case, to the public in Jersey; and

(ii) (a) in the case of an Authorised Participant or a further Authorised Participant, no sale or delivery of Carbon ETC Securities; or (b) in the case of an Authorised Offeror, no distribution, offer or sale of Carbon ETC Securities, in each case, to the public in Jersey will be made at any time that could constitute the circulation of a prospectus within the meaning of the Companies (Jersey) Law 1991 by the Issuer.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not (i) in the case of an Authorised Participant or a further Authorised Participant, delivered, sold or otherwise made available and will not deliver, sell or otherwise make available; or (ii) in the case of an Authorised Offeror, distributed, offered, sold or otherwise made available and will not distribute, offer, sell or otherwise make available, in each case any Carbon ETC Securities at any time to any retail investor (and, for the avoidance of doubt, this means any retail investor within or outside the United Kingdom). For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a "retail client", as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of "retained EU law", as defined in the EUWA;

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of "retained EU law" as defined in the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

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

Other regulatory restrictions

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that:

(i) in relation to any Carbon ETC Securities which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not (I) in the case of an Authorised Participant or a further Authorised Participant, delivered or sold and will not deliver or sell any Carbon ETC Securities; or (II) in the case of an Authorised Offeror, distributed, offered or sold and will not distribute, offer or sell any Carbon ETC Securities, in each case, other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Carbon ETC Securities would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Carbon ETC Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

United States

The Carbon ETC Securities have not been, and will not be, registered under the Securities Act or under the securities law of any state or political sub-division of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (collectively, the "**United States**"), and if in bearer form, the Carbon ETC Securities are subject to U.S. tax law requirements. No person has registered nor will register as a commodity pool operator of the Issuer under the CEA and the CFTC Rules of the CFTC. The Issuer has not been, and will not be, registered under any United States federal laws. The Carbon ETC Securities are being offered and sold in an "Offshore Transaction" (as such term is defined under Regulation S) exempt from the registration requirements of the Securities Act pursuant to Regulation S.

Accordingly, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that the Carbon ETC Securities may not at any time be offered, sold, pledged, delivered, distributed or otherwise transferred except (a) in an "Offshore Transaction" (as such term is defined under Regulation S) and (b) to or for the account or benefit of, a Permitted Transferee.

(a) A "**Permitted Transferee**" means any person who: is not a U.S. person as defined in Rule 902(k)(1) of Regulation S;

(b) is a "Non-United States person" as defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are not otherwise "Non-United States persons"; and

(c) is not a "resident of the United States" for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended ("**BHC Act**").

Any offer, sale, pledge, delivery, distribution or transfer of Carbon ETC Securities within the United States or to any person other than a Permitted Transferee (a "**Non-Permitted Transferee**") are prohibited.

The foregoing restrictions on the offer, sale, pledge, delivery, distribution or transfer of Carbon ETC Securities to a Non-Permitted Transferee may adversely affect the ability of a holder of the Carbon ETC Securities to dispose of the Carbon ETC Securities, and significantly reduce the liquidity of the Carbon ETC Securities. As a result, the value of the Carbon ETC Securities may be materially adversely affected.

As defined in Rule 902(k)(1) of Regulation S, "**U.S. person**" means:

(a) Any natural person resident in the United States;

(b) Any partnership or corporation organized or incorporated under the laws of the United States;

(c) Any estate of which any executor or administrator is a U.S. person;

(d) Any trust of which any trustee is a U.S. person;

(e) Any agency or branch of a foreign entity located in the United States;

(f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

(g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

(h) Any partnership or corporation if:

  (i) organized or incorporated under the laws of any foreign jurisdiction; and

  (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in § 230.501(a) of the Code of Federal Regulations, Title 17) who are not natural persons, estates or trusts.

As defined in CFTC Rule 4.7, "**Non-United States person**" means:

(a) A natural person who is not a resident of the United States;

(b) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;

(c) An estate or trust, the income of which is not subject to United States income tax regardless of source;

(d) An entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of part 4 of the Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States persons; and

(e) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

As modified in the definition of "Permitted Transferee" above, the definition of "Non-United States person" excludes for purposes of sub-section (d) above, the exception in the proviso to the extent that it would apply to persons who are not "Non-United States persons".

As defined in the final regulations issued under Section 13 of the BHC Act, 17 CFR 225.10(d)(8), "**resident of the United States**" means a "U.S. person" as defined in Regulation S.

Each person who offers, sells, pledges, delivers, distributes or otherwise transfers Carbon ETC Securities has exclusive responsibility for ensuring that its offer, sale, pledge, delivery, distribution or transfer is not to, or for the account or benefit, of any person other than a Permitted Transferee as such term is defined as of the date of such offer, sale, pledge, delivery, distribution or transfer.

The Carbon ETC Securities have not been approved or disapproved by the United States Securities and Exchange Commission ("**SEC**") or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document or the merits of the Carbon ETC Securities. Any representation to the contrary is a criminal offence. Furthermore, the Carbon ETC Securities do not constitute, and have not been marketed as, contracts for the sale of a commodity for future delivery (or options thereon) subject to the CEA, and neither trading in the Carbon ETC Securities nor this document has been approved by the CFTC under the CEA, and no person other than a Permitted Transferee may at any time trade or maintain a position in the Carbon ETC Securities.

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has complied and will comply with the aforementioned transfer and selling restrictions and it will have sent to each dealer to which it offers, sells, pledges, delivers, distributes or otherwise transfers (as applicable) Carbon ETC Securities a confirmation or other notice setting forth the above restrictions on offers, sales, pledges, deliveries, distribution and transfers of the Carbon ETC Securities. Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not offered, sold, pledged, delivered, distributed or otherwise transferred, and will not at any time offer, sell, pledge, deliver, distribute or otherwise transfer, the Carbon ETC Securities of any identifiable Tranche except (a) in accordance with Rule 903 of Regulation S and (b) to or for the account or benefit of, a Permitted Transferee, and that none of it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such Carbon ETC Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this paragraph have the meanings given to them under Regulation S.

In addition, under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), each Tranche of Carbon ETC Securities must be issued and delivered outside the United States and its possessions in connection with their original issue and any other sale. Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not offered, sold, pledged, delivered, distributed or otherwise transferred, and agrees that it will not offer, sell, pledge, deliver, distribute or otherwise transfer, directly or indirectly, any Carbon ETC Securities of any Tranche within the United States or its possessions in connection with their original issue or otherwise. Further, in connection with the original issue of any Tranche of Carbon ETC Securities or otherwise, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not communicated and that it will not communicate, directly or indirectly, with a prospective purchaser if either of such Authorised Participant or Authorised Offeror (as applicable) or such purchaser is within the United States or its possessions or otherwise involve such Authorised Participant's or Authorised Offeror's (as applicable) U.S. office in any offer, sale, pledge,

delivery, distribution or transfer of such Carbon ETC Securities. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules.

Public Offer Selling Restriction under the Prospectus Regulation

Prohibition of Sales to EEA Retail Investors

In relation to each Member State of the EEA, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that with effect from and including the date of this Base Prospectus (the "**Relevant Effective Date**") it has not (i) in the case of an Authorised Participant or a further Authorised Participant, delivered, sold or otherwise offered to the public and will not deliver, sell or otherwise offer to the public, or (ii) in the case of an Authorised Offeror, distributed, offered, sold or otherwise offered to the public and will not distribute, offer, sell or otherwise offer to the public, in each case any Carbon ETC Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms at any time to any retail investor (and, for the avoidance of doubt, this means any retail investor within or outside the European Economic Area). For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

  (a) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

  (b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

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

Austria

In addition to the restrictions described in the section "*Public Offer Selling Restriction under the Prospectus Regulation – Prohibition of Sales to EEA Retail Investors*" above, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not and will not (i) in the case of an Authorised Participant or a further Authorised Participant, sell or deliver; or (ii) in the case of an Authorised Offeror, distribute, offer or sell, in each case any Bearer Securities in Austria, except that the Bearer Securities may be (a) in the case of an Authorised Participant or a further Authorised Participant, sold or delivered; or (b) in the case of an Authorised Offeror, distributed, offered or sold, in each case for the first time in Austria only once a notification to the issue calendar (*Emissionskalender*) maintained by the Austrian Control Bank (*Oesterreichische Kontrollbank Aktiengesellschaft*) as notification office (Meldestelle), all as prescribed by the Austrian Capital Market Act 2019 (*Kapitalmarktgesetz 2019*), as amended, has been filed as soon as possible prior to the commencement of the relevant offer, sale, distribution or delivery (as applicable) of Bearer Securities.

Belgium

Prohibition of Sales to Consumers

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not (i) in the case of an Authorised Participant or a further Authorised Participant, delivered, sold or otherwise made available and it will not deliver, sell or otherwise make available; or (ii) in the case of an Authorised Offeror, distributed, offered, sold or otherwise made available and it will not distribute, offer, sell or otherwise make available, in each case any Carbon ETC Securities in Belgium to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

Other regulatory restrictions

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that it has not made and will not make (i) in the case of an Authorised Participant or a further Authorised Participant, a sale or delivery; or (ii) in the case of an Authorised Offeror, a distribution, offer or sale, in each case which would constitute an offer of Carbon ETC Securities to the public as defined in Article 4, 2° of the Belgian law of 11 July 2018 on the offering of investment instruments to the public and the admission of investment instruments to the trading on a regulated market, as amended (the "**Belgian Prospectus Law**"), in Belgium, save in those circumstances set forth in Articles 7, 8 and 10 of the Belgian Prospectus Law, provided that no such (i) in the case of an Authorised Participant or a further Authorised Participant, sale or delivery; or (ii) in the case of an Authorised Offeror, distribution, offer or sale of Carbon ETC Securities shall require the Issuer or any other entity to publish an additional prospectus pursuant to Articles 7, §2 and 8 of the Belgian Prospectus Law or an information note (*informatienota*/*note d'information*) pursuant to Articles 10, §1 and 11 of the Belgian Prospectus Law.

This Base Prospectus has been issued to the intended recipients for personal use only and exclusively for the purpose of the offering of Carbon ETC Securities. It may therefore not be used for any other purpose, nor disclosed to any other person, in Belgium.

France

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that the restrictions described in the section "*Public Offer Selling Restriction under the Prospectus Regulation – Prohibition of Sales to EEA Retail Investors*" above shall apply France.

Finland

This Base Prospectus has not been registered with the Finnish Financial Supervisory Authority. Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that the Carbon ETC Securities are (i) in the case of an Authorised Participant or a further Authorised Participant, sold or delivered, or (ii) in the case of an Authorised Offeror, distributed, offered or sold, in each case to qualified investors only (as defined in the Prospectus Regulation (EU) 2017/1129) and may not be (i) in the case of an Authorised Participant or a further Authorised Participant, sold or delivered, or (ii) in the case of an Authorised Offeror, distributed, offered or sold, in each case, to retail investors in Finland or brought into

general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Prospectus Regulation (EU) 2017/1129 and the Finnish Securities Market Act (746/2012, as amended, Fi. arvopaperimarkkinalaki) and any regulation or rule made thereunder, as supplemented, amended or replaced from time to time.

Germany

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that the restrictions described in the section "*Public Offer Selling Restriction under the Prospectus Regulation – Prohibition of Sales to EEA Retail Investors*" above shall apply in respect of any (i) in the case of an Authorised Participant or a further Authorised Participant, sale or delivery of Carbon ETC Securities; or (ii) in the case of an Authorised Offeror, distribution, offer or sale of Carbon ETC Securities, in each case by it in Germany.

Italy

The offering of the Carbon ETC Securities has not been registered pursuant to Italian securities legislation and, accordingly, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that no Carbon ETC Securities may be (i) in the case of an Authorised Participant or a further Authorised Participant, sold or delivered; or (ii) in the case of an Authorised Offeror, distributed, offered or sold, nor, in each case, may copies of this Base Prospectus or of any other document relating to the Carbon ETC Securities be distributed in the Republic of Italy, except:

(a) to qualified investors (investitori qualificati) ("**Qualified Investors**"), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") as implemented by Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**CONSOB Regulation No. 20307**") pursuant to Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Regulation 11971/1999**"); or

(b) in other circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of the Financial Services Act and Article 34-ter, paragraph 1, of Regulation 11971/1999.

Any offer, sale, distribution or delivery (as applicable) of the Carbon ETC Securities in the Republic of Italy or distribution of copies of this Base Prospectus or any other document relating to the Carbon ETC Securities in the Republic of Italy under (a) or (b) above must, in each case, be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and any other applicable laws and regulations;

(ii) in compliance with Article 129 of the Banking Act, as amended and the implementing guidelines of the Bank of Italy, as amended from time to time, with regard, inter alia, to the reporting obligations required; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Carbon ETC Securities on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Furthermore, where the Carbon ETC Securities are placed solely with "qualified investors" and are then systematically ("sistematicamente") resold on the secondary market at any time in the 12 months following such placing, purchasers of Carbon ETC Securities who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Carbon ETC Securities were purchased, unless an exemption provided under the Financial Services Act applies.

Ireland

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that:

(i) it has not and will not underwrite the issue of, or do anything in Ireland in respect of any Carbon ETC Securities otherwise than in conformity with the provisions of the Prospectus Regulation, the European Union (Prospectus) Regulations 2019 and any rules and guidance issued by the Central Bank of Ireland under Section 1363 of the Irish Companies Act 2014, as amended;

(ii) it has not and will not underwrite the issue of, or place the Carbon ETC Securities otherwise than in conformity with the provisions of European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "**MiFID II Regulations**") including, without limitation, Regulation 5 (Requirement for Authorisation (and certain provisions relating to MTFS and OTFS)) thereof, any rules or codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998 (as amended);

(iii) it has not and will not underwrite the issue of, or place, any Carbon ETC Securities, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);

(iv) it has not and will not underwrite the issue of, place or otherwise act in Ireland in respect of any Carbon ETC Securities, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended), and any rules and guidance issued by the Central Bank of Ireland under Section 1370 of the Irish Companies Act 2014, as amended; and

(v) to the extent applicable, it has and will comply with all applicable provisions of the Irish Companies Act 2014, as amended.

Luxembourg

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that the restrictions described in the section "Public Offer Selling Restriction under the Prospectus Regulation – Prohibition of Sales to EEA Retail Investors" above shall apply in respect of (i) in the case of an Authorised Participant or a further Authorised Participant, any sale or delivery of Carbon ETC Securities; or (ii) in the case of an Authorised Offeror, any distribution, offer or sale of Carbon ETC Securities, in each case by it in Luxembourg.

The Netherlands

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that the Carbon ETC Securities (or any interest therein) are not and may not, directly or indirectly, be (i) in the case of an Authorised Participant or a further Authorised Participant, sold, pledged, delivered or transferred; or (ii) in the case of an Authorised Offeror, distributed, offered, sold, pledged or transferred in the Netherlands, in each case on their issue date or at any time thereafter, and neither this Base Prospectus nor any other document in relation to any offering, sale, distribution or delivery (as applicable) of the Carbon ETC Securities (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Regulation, provided that these parties acquire the Carbon ETC Securities for their own account or that of another qualified investor.

However, the Carbon ETC Securities may be offered free of any restrictions in the Netherlands provided that each such Carbon ETC Security has a minimum denomination in excess of EUR 100,000 (or the equivalent thereof in non-Euro currency) and subject to compliance with the relevant requirements under Regulation (EU) No 1286/2014.

Portugal

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that regarding any (i) in the case of an Authorised Participant or a further Authorised Participant, sale or delivery of Carbon ETC Securities; or (ii) in the case of an Authorised Offeror, distribution, offer or sale of Carbon ETC Securities, in each case by it in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, it will, in each case, comply with all laws and regulations in force in Portugal, including (without limitation) the Prospectus Regulation, the Portuguese Securities Code (*Código dos Valores Mobiliários*), the Regulation (EU) no 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products and other than in compliance with all such laws and regulations:

(i) it has not directly or indirectly:

  (a) in the case of an Authorised Participant or a further Authorised Participant, taken any action, sold or delivered and will not directly or indirectly take any action, sell, resell or deliver; or

  (b) in the case of an Authorised Offeror, taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or distributed and will not directly or indirectly take any action, offer, advertise, market invite to subscribe, gather investment intentions, sell, resell, reoffer or distribute,

  any Carbon ETC Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portugal, as the case may be;

(ii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Base Prospectus, the relevant Final Terms or (a) in the case of an Authorised Participant or a further Authorised Participant, any other information material for the purposes of such sale or delivery; or (b) in the case of an Authorised Offeror, any other offering material relating to the Carbon ETC Securities to the public in Portugal.

In particular, this Base Prospectus and the offer, sale, distribution or delivery of the Carbon ETC Securities (as applicable) is only intended and shall be addressed exclusively to professional investors as defined, from time to time, in Article 30 of the Portuguese Securities Code (*investidores profissionais*).

This Base Prospectus has not been nor will be subject to the approval of the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários).

Spain

This Base Prospectus has not been registered with the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*). On such basis, each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that (i) in the case of an Authorised Participant or a further Authorised Participant, a sale or delivery of Carbon ETC Securities; or (ii) in the case of an Authorised Offeror, a distribution, offer or sale of Carbon ETC Securities, in each case to the public may only be made in Spain pursuant to an exemption following the Prospectus Regulation and the Spanish Securities Market Law approved by legislative Royal Decree 4/2015, of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), both as amended, and any implementation and/or regulation issued thereunder or substituting them, or following a passporting of this Base Prospectus into Spain pursuant to said applicable legislation.

Sweden

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree that, in Sweden, this Base Prospectus will not be used directly or indirectly:

(i) for (a) in the case of an Authorised Participant or a further Authorised Participant, a sale or a delivery of Carbon ETC Securities; or (b) in the case of an Authorised Offeror, any distribution of, or an offer for subscription or purchase or to issue invitations to subscribe for or purchase interests in, the Carbon ETC Securities; or

(ii) to be distributed, whether as a draft or final document in relation to any such (a) in the case of an Authorised Participant or a further Authorised Participant, sale or delivery; or (b) in the case of an Authorised Offeror, offer, invitation or sale, in each case, unless in compliance with any applicable provisions of the Prospectus Regulation (2017/1129/EU), as supplemented and amended from time to time, and any applicable Swedish law.

General

These selling restrictions may be modified by the agreement of the Issuer, the Programme Administrator and the Authorised Participants following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Carbon ETC Securities to which it relates or in a supplement to this Base Prospectus.

The Issuer does not represent that the Carbon ETC Securities are at any time lawfully sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement, each further Authorised Participant appointed under the Programme will be required to represent, warrant and agree, and any Authorised Offeror will be required to represent, warrant and agree

that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it:

(i) in the case of an Authorised Participant or a further Authorised Participant, purchases, sells or delivers Carbon ETC Securities or has in its possession or distributes this Base Prospectus, any other information material or any Final Terms; or

(ii) in the case of an Authorised Offeror, purchases, offers, sells or distributes Carbon ETC Securities or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms.

None of the Issuer, any Authorised Participant or any other Authorised Offeror shall have responsibility therefor.

FORM OF FINAL TERMS[1]

Final Terms dated [●]

Xtrackers (Jersey) ETC PLC (the "Issuer")

Legal entity identifier (LEI): 213800ZR8TEN6R6S9T85

[Series [●] up to [●] Carbon ETC Securities due [●] issued under its Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme (the "Carbon ETC Securities")]

[Issue of [●] Carbon ETC Securities being the Tranche Number [●] of Series [●] up to [●] Carbon ETC Securities due [●] issued under its Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme]

Part A – Contractual Terms

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 9 November 2023 (as amended) [as supplemented from time to time] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). This document constitutes the final terms of the Carbon ETC Securities described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [(as so amended and supplemented)]. Full information on the Issuer and the offer, sale, delivery or distribution (as applicable) of the Carbon ETC Securities is only available on the basis of the combination of these Final Terms and the most recently approved Base Prospectus. The Base Prospectus [and the Supplement to the Base Prospectus][and any translations of the Summary] [is] [are] available for viewing on the website maintained on behalf of the Issuer at https://etf.dws.com/en-gb/information/etc-documents/, at the registered office of the Issuer and at the specified office of the Issuing Agent [and copies may be obtained from the offices of the Paying Agent].] A summary of the individual issue is annexed to the Final Terms.

[The Carbon ETC Securities of this Series may also be listed on the official list of a stock exchange and admitted to trading on an exchange other than those listed in these Final Terms, but any such listing or admission to trading will be on the basis of a separate Final Terms prepared in connection therewith and which shall be identical to these Final Terms save for the information relating to listing and the associated disclosure and/or offering documents.]

No key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") or the PRIIPs Regulation as it forms part of "retained EU law", as defined in the EUWA (the "**UK PRIIPs Regulation**") for offering, selling, delivering or distributing the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering, selling, delivering or distributing the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation or the UK PRIIPs Regulation.

1	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]

[1] [In the event the Form of Final Terms are used to constitute the final terms in respect of Carbon ETC Securities listed on a non-EEA stock exchange and admitted to trading on a non-EEA market (a "**Non-EEA Listing**"), all references to the Prospectus Regulation and related terms required by the Prospectus Regulation shall be deleted from the Form of Final Terms.]

2	Specified Currency:	EUR
3	Trading Method:	Units
4	Aggregate Number of Carbon ETC Securities of Series:	
	(i) Of Series immediately prior to Tranche Issue Date:	[●] unit(s)
	(ii) Immediately following Tranche Issue Date:	[●] unit(s)
5	Issue Price:	
	(i) Initial Issue Price per Carbon ETC Security as at Series Issue Date:	[As per the Conditions]/[EUR [●]]
	(ii) Issue Price per Carbon ETC Security as at the Subscription Trade Date of the relevant Tranche of Carbon ETC Securities of the Series:	EUR [●]
6	Specified Denominations:	The Carbon ETC Securities may be traded in integral multiples of one unit.
7	Allowance(s) Entitlement	
	(i) Initial Allowance(s) Entitlement per Carbon ETC Security as at Series Issue Date:	[●] [metric tonne(s)]/[●]
	(ii) Allowance(s) Entitlement per Carbon ETC Security as at the Subscription Trade Date of the relevant Tranche of Carbon ETC Securities of the Series (if not the first Tranche of Carbon ETC Securities of the Series):	[●] [metric tonne(s)]/[●]
8	(i) Series Issue Date:	[●]
	(ii) Tranche Issue Date:	[●]
	(iii) Subscription Trade Date of Tranche (or the trade date in respect of the first Tranche of	[●]

		Carbon ETC Securities of the Series):	
	(iv)	Date on which Board approval for issuance of Carbon ETC Securities obtained:	[●]
9	Scheduled Maturity Date:		[●]
10	Relevant Regulatory Law Reference Date:		[●]
11	Name and address of Relevant Clearing System(s):		[[Euroclear]/[Clearstream, Luxembourg]/[●]]

ALLOWANCE(S)

12	Allowance Type:	EUAs[2]
	- Scheme:	[As per the Conditions]/[●]
	- Phase of EUAs:	[Phase III]/[Phase IV]/[Phase III and/or Phase IV]
13	Allowance Currency:	EUR

CERTAIN TRANSACTION PARTIES AS AT TRANCHE ISSUE DATE

14	Paying Agent:	[●]
15	Carbon Counterparty:	[●]
16	Carbon Accounts Administrator:	[●]
17	Custodian:	[●]

PROVISIONS RELATING TO REDEMPTION

18	Final Redemption Valuation Date:	[●]
19	Final Redemption Disposal Period:	[●] [days]/[Business Days]
20	Early Redemption Disposal Period:	[●] [days]/[Business Days]
21	Early Redemption: Ineligibility for Phase IV:	[Applicable]/[Not Applicable]

PROVISIONS RELATING TO FEES

22	Product Fee Percentage:		
	(i)	Product Fee Percentage as at the Tranche Issue Date:	[●] per cent. per annum
	(ii)	Maximum Product Fee Percentage:	[●] per cent. per annum

GENERAL PROVISIONS APPLICABLE TO THE CARBON ETC SECURITIES

23	Form of Carbon ETC Securities:	[NGN form: Applicable]/[CGN form: Applicable]

[2] As at the date of this Base Prospectus, the only Allowance Type that Carbon ETC Securities issued under this Programme may specify is EUAs.

24	Intended to be held in a manner which would allow Eurosystem eligibility:	No. Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Carbon ETC Securities are capable of meeting them the Carbon ETC Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Carbon ETC Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Carbon ETC Securities described herein pursuant to the Secured Xtrackers (Jersey) ETC PLC Carbon Linked Securities Programme.]

XTRACKERS (JERSEY) ETC PLC

Signed by a duly authorised signatory:

….....

Part B – Other Information

1 **LISTING**

(i)	Listing and admission to trading:	[Application has been made for the Carbon ETC Securities to be admitted to the [[official list of Euronext Dublin][and/or Frankfurt Stock Exchange][and/or [●]] and for the Carbon ETC Securities to be admitted to trading on the regulated market(s) and/or other main market(s) thereof] with effect from or around [●]]/[Not Applicable]
(ii)	Estimate of total net proceeds of the issue:	[●]
(iii)	Estimate of the total expenses of the issue of the Tranche:	EUR [500]/[●]
(iv)	Estimate of total expenses related to admission to trading:	EUR [●]

2 **NOTIFICATION** The Central Bank has provided the competent authority of Germany with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.

3 **RATINGS:**

Ratings: Not Applicable

4 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Carbon ETC Securities has an interest material to the offer.]/[●]

5 **REASONS FOR THE OFFER**

Reasons for the offer: [See section headed "*Reasons for the Offer and Use of Proceeds*" in the Base Prospectus.]/[●]

6 **OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

Delivery: Delivery free of payment

Annex – Issue Specific Summary

[*Issue specific summary to be inserted*]

GENERAL INFORMATION

1 The Issuer has obtained all consents, approvals and authorisations (if any) which are necessary in Jersey at the date of the Base Prospectus in connection with the establishment of the Programme, pursuant to a resolution of the board of directors of the Issuer passed on or around 30 October 2023.

2 The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

3 Any websites included in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus and have not been scrutinised or approved by the Central Bank of Ireland.

4 The Issuer was incorporated on 18 October 2022 and so no financial statements have been made up as at the date of the Base Prospectus.

5 There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 18 October 2022 (such date being the date of incorporation of the Issuer), which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

6 The Carbon ETC Securities represent indebtedness of the Issuer. Carbon ETC Securities may be accepted for clearance through any Clearing System including Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Carbon ETC Securities will be cleared through the Relevant Clearing System in whole numbers of Carbon ETC Securities only (for these purposes a Carbon ETC Security may be referred to as a unit by the Relevant Clearing System).

The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the CUSIP and CINS number and PORTAL system and identification number for each Series of Carbon ETC Securities will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

The address of any other Clearing System that is a Relevant Clearing System for a Series of Carbon ETC Securities will be specified in the relevant Final Terms.

7 The Allowance(s) Entitlement per Carbon ETC Security (as at the Subscription Trade Date of the relevant Tranche of Carbon ETC Securities of the Series) of, and the number of Carbon ETC Securities comprising, each Tranche of Carbon ETC Securities will be determined before filing of the relevant Final Terms. Post-issuance, the Issuer will provide information regarding the estimated number of Underlying Allowance(s) held by the Issuer per Carbon ETC Security for a Series and the estimated value thereof in respect of each Valuation Day by no later than the end of the immediately following Scheduled Valuation Day on the website maintained on behalf of the Issuer at www.etf.dws.com (or such other website as may be notified to Securityholders in accordance with Condition 17). On the Series Issue Date, the Initial Allowance(s) Entitlement per Carbon ETC Security will be set out in the Final Terms. In respect of any subsequent Tranche of the Carbon ETC Securities issued after the Series Issue Date, the Allowance(s) Entitlement per Carbon ETC Security as at the Subscription Trade Date for such Tranche will be set out in the Final Terms relating to such Tranche.

8 For so long as Carbon ETC Securities may be issued pursuant to the Base Prospectus and for so long as any listed Carbon ETC Securities remain outstanding, the documents specified below will be available at https://etf.dws.com/en-gb/information/etc-documents/prospectuses-and-constitutive-documents/ (or such other website as may be notified to Securityholders):

8.1 the Base Prospectus;

8.2 the Master Trust Terms dated on or about 15 November 2023 (which include the forms of the Global Securities); and

8.3 the up to date constitution of the Issuer.

9 For so long as Carbon ETC Securities may be issued pursuant to the Base Prospectus and for so long as any listed Carbon ETC Securities remain outstanding, the documents specified below will be available in physical format, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer and at the specified office of the Issuing Agent and at https://etf.dws.com/en-gb/information/etc-documents/prospectuses-and-constitutive-documents/ (or such other website as may be notified to Securityholders)):

9.1 the Master Terms and Conditions;

9.2 a copy of this Base Prospectus together with any supplement hereto;

9.3 each set of Final Terms; and

9.4 such other documents (if any) as may be required by the rules of any Relevant Stock Exchange.

10 Where the Final Terms indicate that a Series of Carbon ETC Securities is "Intended to be held in a manner which would allow Eurosystem eligibility", such designation simply means that the Carbon ETC Securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Carbon ETC Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied of Eurosystem eligibility.

11 Due to the nature of the Allowance(s), they do not have an expiry or maturity date.

12 Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Carbon ETC Securities and is not itself seeking admission of the Carbon ETC Securities to the official list of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

13 Terms of any Offer

Offer Price:	Such price as is individually agreed between an Authorised Participant or an Authorised Offeror (as applicable) and the relevant purchaser.
Conditions to which the offer is subject:	Not applicable given the manner in which Carbon ETC Securities will be offered.
Description of the time period, including any possible amendments during which the offer will be open and a description of the application process:	In respect of any Carbon ETC Securities, offers may be made at any time during the period from and including the date of the Base Prospectus to (but excluding) the date falling 12 months after the date of the Base Prospectus. There is no application process for potential purchasers. Instead, each Authorised Participant or Authorised Offeror (as applicable) may offer to investors in agreed transactions.
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not applicable given the manner in which Carbon ETC Securities will be offered. The Carbon ETC Securities will not be the subject of an offer that asks for applications from potential purchasers and then reduces subscriptions and refunds any excess amount should those potential purchasers not be allocated Carbon ETC Securities.

Details of the minimum and/or maximum amount of subscription:	A minimum subscription amount of EUR 100,000 (or fiat currency equivalent) shall apply in respect of a purchaser for each Tranche of Carbon ETC Securities and each Carbon ETC Security issued under the Programme shall have an initial Issue Price per Carbon ETC Security as at the Series Issue Date in excess of EUR 1,000. The maximum number of Carbon ETC Securities that may be issued under the Programme is 1,000,000,000 Carbon ETC Securities (being a number equal to the Programme Maximum Number of Carbon ETC Securities).
Details of the method and time limits for paying up and delivering the Carbon ETC Securities:	As individually agreed between a purchaser and the relevant Authorised Participant or Authorised Offeror (as applicable).
Manner of offer:	The Issuer will sell all Carbon ETC Securities of a Series to one or more Authorised Participants on their issue. The Authorised Participants may act as market makers on stock exchanges but may not offer Carbon ETC Securities to the public. The Authorised Participants are likely to hold Carbon ETC Securities in inventory – as a result, the number of Carbon ETC Securities issued may not vary based on the results of any offer (with any offer being agreed on an individual basis).
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not applicable given the manner in which Carbon ETC Securities will be offered.
Tranche(s) which has/have been reserved for certain countries:	Not applicable given the manner in which Carbon ETC Securities will be offered.
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	As described above, there will be no formal offer period prior to issue and there will be no applications process whereby allotments are required to be made. As a result, no notification of allotments is required. No dealing by an investor may take place until such investor has been delivered the relevant Carbon ETC Securities.
Amount of any expenses and taxes specifically charged to the subscriber or purchaser on subscription:	As may be agreed between the purchaser and the relevant Authorised Participant or Authorised Offeror (as applicable).
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	Any Authorised Participant is entitled to sell or deliver, and any Authorised Offeror is entitled to sell, distribute or make an offer of Carbon ETC Securities subject to the conditions (and in particular, the Selling Restrictions) set out in this Base Prospectus.

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