
2006 ISDA

Fund Derivatives

Definitions

ISDA[®]

INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

Copyright © 2006 by
INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.
360 Madison Avenue
16th Floor
New York, N.Y. 10017

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION TO THE 2006 ISDA FUND DERIVATIVES DEFINITIONS.....	1
ARTICLE 1	
CERTAIN GENERAL DEFINITIONS	
Section 1.1. Fund Derivative Transaction	4
Section 1.2. Fund Option Transaction.....	4
Section 1.3. Fund Forward Transaction	4
Section 1.4. Fund Swap Transaction	4
Section 1.5. Fund Interest Transaction.....	4
Section 1.6. Fund Interest Basket Transaction	4
Section 1.7. Confirmation	4
Section 1.8. Fund Interest.....	5
Section 1.9. Fund Interest Unit.....	5
Section 1.10. Basket	5
Section 1.11. Reference Fund	5
Section 1.12. Trade Date	5
Section 1.13. Buyer	5
Section 1.14. Seller.....	5
Section 1.15. Number of Units.....	5
Section 1.16. Number of Baskets	5
Section 1.17. Multiplier.....	6
Section 1.18. Relevant Price	6
Section 1.19. Equity Notional Amount	6
Section 1.20. Currency Business Day	6
Section 1.21. Settlement Currency	6
Section 1.22. Euro	6
Section 1.23. EC Treaty	7
Section 1.24. Settlement Cycle	7
Section 1.25. Cash-settled	7
Section 1.26. Physically-settled	7
Section 1.27. Calculation Agent.....	7
Section 1.28. ISDA Master Agreement.....	7
Section 1.29. Fund Documents	7
Section 1.30. Fund Administrator	7
Section 1.31. Fund Adviser	7
Section 1.32. Fund Service Provider	7
Section 1.33. Hypothetical Investor	8
Section 1.34. Hypothetical Investor Jurisdiction.....	8
Section 1.35. Reported Value Method	8
Section 1.36. Deemed Payout Method	8
Section 1.37. Fund Business Day	8
Section 1.38. Scheduled Fund Valuation Date.....	8
Section 1.39. Fund Valuation Date	9
Section 1.40. Fund Reporting Date	9
Section 1.41. Reported Fund Interest Value.....	9

Section 1.42.	Reported Value Convention	9
Section 1.43.	Redemption Proceeds	10
Section 1.44.	Scheduled Redemption Valuation Date.....	10
Section 1.45.	Redemption Valuation Date	10
Section 1.46.	Scheduled Redemption Payment Date	10
Section 1.47.	Redemption Payment Date	10
Section 1.48.	Redemption Notice Date	10
Section 1.49.	Initial Observation Date	11
Section 1.50.	Final Observation Date.....	11
Section 1.51.	Cut-off Period.....	11
Section 1.52.	Final Cut-off Date	11
Section 1.53.	Subscription Notice Date.....	11
Section 1.54.	Reference Fund Subscription Date	11
Section 1.55.	Knock-in Price.....	11
Section 1.56.	Knock-out Price.....	12
Section 1.57.	Knock-in Event	12
Section 1.58.	Knock-out Event	12
Section 1.59.	Knock-in Reference Fund Interest.	13
Section 1.60.	Knock-out Reference Fund Interest	13
Section 1.61.	Knock-in Determination Day	13
Section 1.62.	Knock-out Determination Day	13
Section 1.63.	Knock-in Valuation Time.....	14
Section 1.64.	Knock-out Valuation Time.....	14

ARTICLE 2

GENERAL TERMS RELATING TO OPTION TRANSACTIONS

Section 2.1.	Certain Definitions and Provisions Relating to Fund Option Transactions	14
Section 2.2.	Option Style.....	15
Section 2.3.	Option Type.....	15
Section 2.4.	Terms Relating to Premium	16

ARTICLE 3

EXERCISE OF OPTIONS

Section 3.1.	General Terms Relating to Exercise.....	16
Section 3.2.	Procedure for Exercise	17
Section 3.3.	Multiple Exercise	18
Section 3.4.	Automatic Exercise	18

ARTICLE 4

GENERAL TERMS RELATING TO FORWARD TRANSACTIONS

Section 4.1.	Certain Definitions Relating to Forward Transactions.....	19
Section 4.2.	Terms Relating to Prepayment.....	19

ARTICLE 5

GENERAL TERMS RELATING TO FUND SWAP TRANSACTIONS

Section 5.1. Equity Amount Payer 20
Section 5.2. Equity Amount Receiver 20
Section 5.3. Initial Exchange Amount..... 20
Section 5.4. Initial Exchange Date 20
Section 5.5. Final Exchange Amount..... 20
Section 5.6. Final Exchange Date 20
Section 5.7. Rate of Return 20
Section 5.8. Initial Price 21
Section 5.9. Final Price 21
Section 5.10. Equity Notional Reset 21

ARTICLE 6

VALUATION

Section 6.1. Valuation Time..... 22
Section 6.2. Valuation Date..... 22
Section 6.3. General Terms Relating to Fund Disruption Events 23
Section 6.4. Disrupted Day 23
Section 6.5. Scheduled Valuation Date 23
Section 6.6. Consequences of Disrupted Days..... 24
Section 6.7. Averaging 24

ARTICLE 7

GENERAL TERMS RELATING TO SETTLEMENT

Section 7.1. Settlement Method Election 26
Section 7.2. Settlement Method Election Date..... 26
Section 7.3. Settlement Price..... 26

ARTICLE 8

CASH SETTLEMENT

Section 8.1. Cash Settlement of Fund Option Transactions..... 27
Section 8.2. Option Cash Settlement Amount..... 27
Section 8.3. Strike Price Differential..... 27
Section 8.4. Cash Settlement of Forward Transactions..... 28
Section 8.5. Forward Cash Settlement Amount 28
Section 8.6. Cash Settlement of Fund Swap Transactions 29
Section 8.7. Equity Amount 30
Section 8.8. Cash Settlement Payment Date 30

ARTICLE 9

PHYSICAL SETTLEMENT

Section 9.1. Physical Settlement of Fund Derivative Transactions..... 30

ARTICLE 10

DIVIDENDS

Section 10.1. Dividend Amount..... 31
Section 10.2. Dividend Payment Date..... 31
Section 10.3. Dividend Period..... 31
Section 10.4. Re-investment of Dividends..... 32
Section 10.5. Extraordinary Dividend..... 32
Section 10.6. Excess Dividend Amount..... 32

ARTICLE 11

**ADJUSTMENTS AND MODIFICATIONS AFFECTING FUND INTERESTS AND
TRANSACTIONS**

Section 11.1. Adjustments to Fund Derivative Transactions 33
Section 11.2. Correction of Fund Interest Prices..... 34

ARTICLE 12

EXTRAORDINARY EVENTS

Section 12.1. General Provisions Relating to Extraordinary Events..... 34
Section 12.2. Extraordinary Fund Events..... 35
Section 12.3. Consequences of Extraordinary Events..... 38
Section 12.4. Payment upon Certain Extraordinary Events 41
Section 12.5. Cancellation Amount..... 42

ARTICLE 13

MISCELLANEOUS

Section 13.1. Non-Reliance..... 44
Section 13.2. Agreements and Acknowledgments Regarding Hedging Activities 44
Section 13.3. Additional Acknowledgments 45
Section 13.4. Additional Fund Representations and Agreements of the Parties 46

INDEX OF TERMS 48

INTRODUCTION TO THE 2006 ISDA FUND DERIVATIVES DEFINITIONS

The 2006 ISDA Fund Derivatives Definitions (the “Fund Definitions”) are intended for use in confirmations (“Confirmations”) of individual derivatives transactions linked to interests in various types of pooled investment vehicles (“funds”) where such transactions are to be governed by agreements such as the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement (the “ISDA Master Agreements”) published by the International Swaps and Derivatives Association, Inc. (“ISDA”). Copies of the ISDA Master Agreements are available from the executive offices of ISDA and also from the ISDA web-site (www.isda.org).

The Fund Definitions apply to fund OTC derivative transactions linked to fund interests for which a liquid secondary market may not exist. The Fund Definitions are a streamlined version of the 2002 ISDA Equity Derivatives Definitions (the “2002 Definitions”), tailored to account for the particular valuation and settlement characteristics of fund interests. They differ from the 2002 Definitions primarily in that the Fund Definitions do not contain market valuation methodologies, physical settlement mechanics or other provisions that are more suitable for equity securities whose value is primarily derived from secondary market transactions.

Instead, the Fund Definitions provide two alternative valuation methods which are appropriate for non-exchange traded fund interests. One of these, referred to as the Reported Value Method, values fund interests on the basis of the values reported by, or published on behalf of, the relevant fund. The other method, referred to as the Deemed Payout Method, values fund interests on the basis of the redemption proceeds that would be paid by the relevant fund to a hypothetical investor with respect to such fund interests. In addition, the Fund Definitions permit the parties to specify that Calculation Agent Adjustment applies to the Reported Value Method. In that case, if information about redemption proceeds that would be paid to a hypothetical investor with respect to the relevant fund interest is available to the Calculation Agent at the time of valuation, the Calculation Agent will take such information into consideration and adjust any reported value of such fund interest to reflect any discrepancies between the reported value of the relevant fund interest and the redemption proceeds that would be paid to a hypothetical investor with respect to such fund interest. As so modified, the Reported Value Method will operate similarly to the Deemed Payout Method, but with more discretion given to the Calculation Agent.

Some of the considerations that may influence which method is elected by the parties include whether the relevant fund interests are required to be redeemed at regular intervals and at publicly available reported values and the degree to which the relevant fund retains control over investors’ ability to redeem the relevant fund interest and the values at which redemption will occur.

The Fund Definitions can be incorporated by reference into any Confirmation. Certain parties, instead, may find it helpful to incorporate certain selected definitions contained in the Fund Definitions directly into individually drafted Confirmations based on the 2002 Definitions. Existing Confirmations that incorporate the 2002 Definitions (or their predecessor 1996 ISDA Equity Derivatives Definitions, or the 1994 ISDA Equity Option Definitions) will not, without further action by the parties, be affected by the Fund Definitions.

The Fund Definitions are intended to provide basic terminology for documenting OTC fund derivative transactions. Because of the bespoke nature of the fund asset class, parties using the Fund Definitions are strongly encouraged to adapt or supplement the Fund Definitions to reflect the specific terms of, and the specific nature of the fund underlying, the relevant

transaction. In particular, parties are reminded that, in documenting a given transaction, there will always be a need to address legal, regulatory and other considerations specific to the particular jurisdictions, counterparties and funds to which the transaction relates.

New Features — An Overview

The Fund Definitions provide two new methods for valuation of fund interests as an alternative to the existing market valuation methodology of the 2002 Definitions. Depending on the degree of liquidity and price transparency of such interests, the parties may elect one of the following methods by specifying it in the Confirmation for a transaction: (a) the Reported Value Method, which we would expect to be suitable for fund interests that, though not regularly traded in a secondary market, nevertheless have frequent redemption dates, published net asset values and, in certain jurisdictions, established legal requirements for redemptions based on such published net asset values; and (b) the Deemed Payout Method, which we would expect to be suitable for less liquid interests in private investment funds (sometimes also referred to as hedge funds, private funds or non-registered funds) which do not trade in a secondary market, generally are not subject to established legal requirements relating to redemption or valuation and often permit hold-backs or claw-backs of redemption proceeds paid with respect to such interests.

Where a particular transaction relates to liquid fund interests that trade on a recognized securities exchange, we would expect that the market valuation methodology of the 2002 Definitions would be suitable and the Fund Definitions have been drafted with the intent to permit combined use with the 2002 Definitions.

A transaction for which the Reported Value Method is applicable can achieve valuations similar to those of a transaction for which Deemed Payout Method is applicable, by specifying in the related Confirmation that the Reported Value Method is subject to Calculation Agent Adjustment, and specifying Valuation Dates that occur on or after the time at which the reference fund would have paid redemption proceeds to an investor redeeming the relevant fund interests. However, this approach will generally give more discretion to the Calculation Agent compared to the more objective approach of the Deemed Payout Method.

Because of extensive variability in the times and methods by which funds value and distribute proceeds with respect to redemptions of fund interests, the Fund Definitions provide terminology to assist in scheduling valuations by defining “redemption proceeds” as well as specific terms for Scheduled Redemption Valuation Dates, actual Redemption Valuation Dates, Scheduled Redemption Payment Dates and Actual Redemption Payment Dates. While some of these may overlap, they are intended to provide the parties with sufficient flexibility to customize any particular fund transaction. The Fund Definitions contemplate that the parties may wish to specify physical settlement in the related Confirmation. However, since there presumably will not be a significant secondary market in any of the relevant Fund Interests, the relevant mechanics for effectuating a physical settlement would have to be set forth in the related Confirmation (including, if appropriate, by reference to the 2002 Definitions).

The Fund Definitions define Extraordinary Fund Events that are peculiar to funds and fund interests and provide a menu of alternatives that may be used to specify the consequences of any particular Extraordinary Event. The Fund Definitions include the potential consequences of an Extraordinary Event caused by Nationalization or Insolvency as well as the consequences relating to the Additional Disruption Events caused by Increased Cost of Hedging and Change in Law that are provided in the 2002 Definitions, but provide additional flexibility by specifying other potential consequences relating to such events. The Fund Definitions include more

generalized version of the Cancellation and Payment, Partial Cancellation and Payment and Calculation Agent Adjustment consequences set forth in the 2002 Definitions and in addition include a provision that permits one party to delay payment until an Extraordinary Event is no longer continuing and a provision that permits the parties to substitute for an underlying fund interest that is subject to an Extraordinary Fund Event a new underlying fund interest. While this provision may not be desirable or practicable in all situations, it may be of use to parties who prefer substitution of fund interests to termination where interests in other funds with the same investment manager and similar investment strategies as the original fund are available. The provisions relating to payment upon Extraordinary Events have also been adapted from the 2002 Definitions to account for the absence of a secondary market in Fund Interests.

While the Fund Definitions do not directly address any hedging arrangements, it is important to note that direct investments in funds, particularly hedge funds, are frequently subject to significant restrictions. An analysis of whether the applicable legal standards would require a “look-through” will be transaction specific and may differ among legal areas and jurisdictions. Accordingly, in many instances the parties to a fund transaction may require certain representations in addition to those originally set forth in Article 13 of the 2002 Definitions and now included in the Fund Definitions, and it may often be appropriate to include additional disclaimers.

Conclusion

ISDA has provided the Fund Definitions to assist the smooth and efficient functioning of the growing fund derivatives market by providing a common set of terms for parties to use as a basis in preparing Confirmations for privately negotiated fund derivative transactions. *However, the precise documentation of each individual transaction remains the responsibility of the parties concerned. ISDA assumes no responsibility for any use to which the Fund Definitions may be put, including, without limitation, any use of the Fund Definitions in connection with any privately negotiated transaction. Each party to a transaction evidenced by a Confirmation referring to or incorporating these Fund Definitions must satisfy itself that the Fund Definitions: (a) are appropriate in light of any legal, regulatory or other requirements that may be applicable to the parties, the transaction and the nature of the underlying funds, (b) have been properly used and/or adapted in the Confirmation for the transaction and (c) have been applied such that the Confirmation properly reflects the commercial intentions of the parties.*

This Introduction is not part of the Fund Definitions and is not offered as an interpretation of the Fund Definitions.

2006 ISDA FUND DERIVATIVES DEFINITIONS

Any or all of the following definitions may be incorporated into a document by wording indicating that the document is subject to the 2006 ISDA Fund Derivatives Definitions (as published by the International Swaps and Derivatives Association, Inc.). All definitions and provisions so incorporated in a document will be applicable to that document unless otherwise provided in that document, and all terms defined in the 2006 ISDA Fund Derivatives Definitions (the “Fund Definitions” or “Definitions”) and used in any definition or provision that is incorporated by reference in a document will have the respective meanings set forth in the Fund Definitions unless otherwise provided in that document. Any term used in a document will, when combined with the name of a party, have meaning in respect of the named party only. References in the Fund Definitions to the “2002 Definitions” are to the 2002 ISDA Equity Derivatives Definitions published by the International Swaps and Derivatives Association, Inc.

ARTICLE 1

CERTAIN GENERAL DEFINITIONS

Section 1.1. Fund Derivative Transaction. “Fund Derivative Transaction” means any transaction that is a Fund Option Transaction, a Fund Forward Transaction, a Fund Swap Transaction or any other transaction in relation to which the related Confirmation incorporates these Definitions.

Section 1.2. Fund Option Transaction. “Fund Option Transaction” means a transaction that is (a) an over the counter (“OTC”) option transaction relating to a single class of Fund Interest of a single Reference Fund (a “Fund Interest Option Transaction”), or (b) an OTC option transaction relating to a basket of Fund Interests (a “Fund Interest Basket Option Transaction”).

Section 1.3. Fund Forward Transaction. “Fund Forward Transaction” means a transaction that is (a) an OTC forward transaction relating to a single class of Fund Interest of a single Reference Fund (a “Fund Interest Forward Transaction”), or (b) an OTC forward transaction relating to a basket of Fund Interests (a “Fund Interest Basket Forward Transaction”).

Section 1.4. Fund Swap Transaction. “Fund Swap Transaction” means a transaction that is (a) an OTC swap transaction relating to a single class of Fund Interest of a single Reference Fund (a “Fund Interest Swap Transaction”) or (b) an OTC swap transaction relating to a basket of Fund Interests (a “Fund Interest Basket Swap Transaction”).

Section 1.5. Fund Interest Transaction. “Fund Interest Transaction” means a Fund Interest Option Transaction, Fund Interest Forward Transaction or Fund Interest Swap Transaction.

Section 1.6. Fund Interest Basket Transaction. “Fund Interest Basket Transaction” means a Fund Interest Basket Option Transaction, Fund Interest Basket Forward Transaction or Fund Interest Basket Swap Transaction.

Section 1.7. Confirmation. “Confirmation” means, in respect of a Fund Derivative Transaction, one or more documents and other confirming evidence exchanged between the

parties or otherwise effective, which when taken together confirm or evidence all of the terms of a Fund Derivative Transaction.

Section 1.8. Fund Interest. “Fund Interest” means, in respect of a Fund Derivative Transaction, an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the related Confirmation.

Section 1.9. Fund Interest Unit. “Fund Interest Unit” means, with respect to a Fund Interest in a Reference Fund, a share of such Fund Interest or, if Fund Interests in such Reference Fund are not denominated as shares, a notional unit of account of ownership of such Fund Interest in such Reference Fund in the amount specified in the related Confirmation; provided that if no such amount is so specified, then the entire amount of Fund Interest in which the Hypothetical Investor is deemed to invest on the Trade Date shall be a single Fund Interest Unit for purposes of these Definitions.

Section 1.10. Basket. “Basket” means, in respect of a Fund Interest Basket Transaction, a basket composed of such Fund Interests in such Reference Funds specified in the related Confirmation in the relative proportions or number of Fund Interest Units of each Fund Interest specified in the related Confirmation.

Section 1.11. Reference Fund. “Reference Fund” means, in respect of a Fund Interest, unless otherwise specified in the related Confirmation, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest.

Section 1.12. Trade Date. “Trade Date” means, in respect of a Fund Derivative Transaction, the date specified in the related Confirmation.

Section 1.13. Buyer. “Buyer” means the party specified as such in the related Confirmation.

Section 1.14. Seller. “Seller” means the party specified as such in the related Confirmation.

Section 1.15. Number of Units. “Number of Units” means:

(a) in respect of a Fund Interest Option Transaction, the number of Fund Interest Units obtained by multiplying the Number of Options by the Option Entitlement;

(b) in respect of a Fund Interest Forward Transaction or a Fund Interest Swap Transaction, the number of Fund Interest Units specified as such (or, if no such amount is specified, the amount specified as “Number of Shares”) in the related Confirmation; and

(c) in respect of a Fund Interest Basket Transaction for the Fund Interest Units of each Reference Fund comprised in the Basket, the number of such Fund Interest Units per Basket specified or otherwise determined as provided in the related Confirmation.

Section 1.16. Number of Baskets. “Number of Baskets” means, in respect of a Fund Interest Basket Transaction, the number of Baskets specified or determined as provided in the related Confirmation.

Section 1.17. Multiplier. “Multiplier” means the percentage or amount specified as such in the related Confirmation.

Section 1.18. Relevant Price. “Relevant Price” on any day means, in respect of a Fund Interest, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the related Confirmation as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or, if no means for determining the Relevant Price are so provided, pursuant to the following provisions:

(a) in respect of any Fund Interest to which Reported Value Method is applicable, the Relevant Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date or Averaging Date, as the case may be, subject to the applicable Reported Value Convention; provided that if the related Confirmation specifies that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall (i) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of: (A) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (B) such other fees as are specified as “Redemption Fees” in the related Confirmation and (C) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date or Averaging Date of all Fund Interest Units that are subject to valuation and (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; and

(b) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Relevant Price per related Fund Interest Unit in respect of a Valuation Date or Averaging Date shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest in connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date or Averaging Date, as the case may be.

Section 1.19. Equity Notional Amount. “Equity Notional Amount” means, in respect of a Fund Swap Transaction, the amount specified as such (or, if no such amount is specified, the amount specified as a “Notional Amount”) in the related Confirmation, adjusted, if applicable, as provided in Sections 5.10 and 10.9 and Article 11.

Section 1.20. Currency Business Day. “Currency Business Day” means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial center for the relevant currency. In respect of any Fund Derivative Transaction in which the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is open shall be a Currency Business Day.

Section 1.21. Settlement Currency. “Settlement Currency” means, in respect of a Fund Derivative Transaction, the currency specified as such in the related Confirmation.

Section 1.22. Euro. “Euro” and “euro” each mean the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty.

Section 1.23. EC Treaty. “EC Treaty” means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997), as further amended from time to time.

Section 1.24. Settlement Cycle. “Settlement Cycle” means the period specified in the related Confirmation or, if no period is so specified, (i) in respect of any Fund Interest to which Reported Value Method is applicable, the period of Currency Business Days from, and including, any Scheduled Redemption Valuation Date to, and including, the related Scheduled Redemption Payment Date, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, two Currency Business Days.

Section 1.25. Cash-settled. “Cash-settled” means, in respect of a Fund Derivative Transaction, that Cash Settlement is applicable to that Fund Derivative Transaction.

Section 1.26. Physically-settled. “Physically-settled” means, in respect of a Fund Derivative Transaction, that Physical Settlement is applicable to that Fund Derivative Transaction.

Section 1.27. Calculation Agent. “Calculation Agent” means the person or entity specified as such in the related Confirmation. Whenever a Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. Furthermore, each party agrees that the Calculation Agent is not acting as a fiduciary for or as an advisor to such party in respect of its duties as Calculation Agent in connection with any Fund Derivative Transaction.

Section 1.28. ISDA Master Agreement. “ISDA Master Agreement” means one of the standard form master agreements published by the International Swaps and Derivatives Association, Inc. The terms “Event of Default,” “Affiliate,” “Early Termination Date” and “Local Business Day” will have the meanings given to those terms in the ISDA Master Agreement.

Section 1.29. Fund Documents. “Fund Documents” means, with respect to any Fund Interest, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest and any Additional Fund Documents, in each case, as amended from time to time. “Additional Fund Documents” shall have the meaning specified in the related Confirmation.

Section 1.30. Fund Administrator. “Fund Administrator” means, in respect of a Reference Fund, any person specified as such in the related Confirmation or, if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Reference Fund according to the Fund Documents.

Section 1.31. Fund Adviser. “Fund Adviser” means, in respect of any Reference Fund, any person specified as such in the related Confirmation or, if no person is so specified, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Reference Fund.

Section 1.32. Fund Service Provider. “Fund Service Provider” means, in respect of any Reference Fund, any person who is appointed to provide services, directly or indirectly, for

that Reference Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the related Confirmation.

Section 1.33. Hypothetical Investor. “Hypothetical Investor” means, unless otherwise specified in the related Confirmation, with respect to any Fund Interest, a hypothetical investor in such Fund Interest located in the Hypothetical Investor Jurisdiction and deemed (a) to have the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Reference Fund Subscription Date, an interest in the relevant Reference Fund in an amount equal to (i) in the case of a Fund Swap Transaction, the relevant portion of the Equity Notional Amount comprising such Fund Interest, (ii) in the case of a Fund Option Transaction, the relevant portion of the Option Entitlement comprising such Fund Interest multiplied by the Number of Options or (iii) in the case of a Fund Forward Transaction, the number of relevant Fund Interest Units to which the Fund Derivative Transaction relates; (b) in the case of any deemed investment in such Fund Interest, to have submitted, on the relevant Subscription Notice Date, a duly completed notice to the relevant Reference Fund, requesting subscription to the relevant number of Fund Interest Units; and (c) in the case of any deemed redemption of such Fund Interest, to have submitted to the relevant Reference Fund on the relevant Redemption Notice Date, a duly completed notice requesting redemption of the relevant number of Fund Interest Units.

Section 1.34. Hypothetical Investor Jurisdiction. “Hypothetical Investor Jurisdiction” shall have the meaning specified in the related Confirmation or, if no jurisdiction is so specified, shall be the same as the jurisdiction of organization or formation, as applicable, of the Equity Amount Payer, in the case of a Fund Swap Transaction, and the Seller, in the case of a Fund Option Transaction or a Fund Forward Transaction.

Section 1.35. Reported Value Method. “Reported Value Method” means, in relation to any Fund Interest, a certain valuation method reflected in the operations of the Relevant Price, Final Price, Settlement Price and other provisions herein, and which shall be applicable to such Fund Interest if so specified in the related Confirmation.

Section 1.36. Deemed Payout Method. “Deemed Payout Method” means, in relation to any Fund Interest, a certain valuation method reflected in the operations of the Relevant Price, Final Price, Settlement Price and other provisions herein, and which shall be applicable to such Fund Interest if so specified in the related Confirmation.

Section 1.37. Fund Business Day. “Fund Business Day” means any day specified as such in the related Confirmation or, if no such day is specified, any day the Reference Fund or the primary Fund Administrator acting on behalf of the Reference Fund is open for business.

Section 1.38. Scheduled Fund Valuation Date. “Scheduled Fund Valuation Date” means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, the date as of which such Reference Fund is scheduled to determine its aggregate net asset value.

Section 1.39. Fund Valuation Date. “Fund Valuation Date” means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, a date as of which such Reference Fund determines its aggregate net asset value.

Section 1.40. Fund Reporting Date. “Fund Reporting Date” means, with respect to any Fund Interest and Fund Valuation Date, the date on which the Reported Fund Interest Value of such Fund Interest as determined as of such Fund Valuation Date is reported or published.

Section 1.41. Reported Fund Interest Value. “Reported Fund Interest Value” means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest and Fund Reporting Date relating to such Fund Interest, the value of such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date or, if the related Reference Fund reports only its aggregate net asset value, the portion of such Reference Fund’s aggregate net asset value relating to such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date, in each case as reported on such Fund Reporting Date by the Fund Service Provider that generally reports such value on behalf of the Reference Fund to its investors or a publishing service.

Section 1.42. Reported Value Convention. “Reported Value Convention” means the method for determining the Reported Fund Interest Value with respect to any Fund Interest as of any Valuation Date or Averaging Date that is not a Scheduled Fund Valuation Date or Scheduled Redemption Valuation Date, as applicable. The following terms, when used to specify the Reported Value Convention, shall result in the Reported Fund Interest Value to be determined as follows:

(a) if “Prior Redemption Valuation Date” is specified, or if no other Reported Value Convention is specified, the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Redemption Valuation Date, subject to the provisions of Sections 6.6 and 6.7, as applicable;

(b) if “Prior Fund Valuation Date” is specified, the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Fund Valuation Date, subject to the provisions of Sections 6.6 and 6.7, as applicable;

(c) if “Last Reported Value” is specified, the Reported Fund Interest Value shall be the most recently available Reported Fund Interest Value for the relevant number of Fund Interest Units or amount of the relevant Fund Interest;

(d) if “Following Fund Valuation Date” is specified, then such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Fund Valuation Date (without prejudice to any further adjustments pursuant to the provisions of Sections 6.6 and 6.7, as applicable) and the Reported Fund Interest Value shall be determined as of such Scheduled Fund Valuation Date; and

(e) if “Following Redemption Valuation Date” is specified, then such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Redemption Valuation Date (without prejudice to any further adjustments pursuant to the provisions of Sections 6.6 and 6.7, as applicable) and the Reported Fund Interest Value shall be determined as of such Scheduled Redemption Valuation Date.

Section 1.43. Redemption Proceeds. “Redemption Proceeds” means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds, as determined by the Calculation Agent, that would be paid by the related Reference Fund to a Hypothetical Investor who, as of the relevant Redemption Valuation Date, redeems such amount of such Fund Interest; provided that (a) any such proceeds that would be paid in property other than cash shall be valued by the Calculation Agent and (b) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, then the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the related Confirmation.

Section 1.44. Scheduled Redemption Valuation Date. “Scheduled Redemption Valuation Date” means, with respect to any Fund Interest, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date. The Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the related Confirmation, or if no such date is specified, the Scheduled Redemption Valuation Date occurring (i) if Reported Value Method is applicable, on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

Section 1.45. Redemption Valuation Date. “Redemption Valuation Date” means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that had submitted a valid notice for redemption on or before the related Redemption Notice Date.

Section 1.46. Scheduled Redemption Payment Date. “Scheduled Redemption Payment Date” means the date specified as such in the relevant Confirmation, or if no date is so specified, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Reference Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the redemption proceeds to an investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

Section 1.47. Redemption Payment Date. “Redemption Payment Date” means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, each date on which the related Reference Fund actually pays all or the specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice for redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

Section 1.48. Redemption Notice Date. “Redemption Notice Date” means, with respect to any Fund Interest and any Valuation Date or Averaging Date, the date specified as such in the related Confirmation, or if no such date is specified, the last date on which a Hypothetical

Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Reference Fund, to submit a redemption notice that would be timely for a redemption as of (i) if Reported Value Method is applicable, the Scheduled Redemption Valuation Date occurring on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

Section 1.49. Initial Observation Date. “Initial Observation Date” means, with respect to a relevant Valuation Date or Averaging Date and a Fund Interest to which Deemed Payout Method is applicable, the date specified as such in the related Confirmation or, if no such date is specified, the Scheduled Redemption Valuation Date relating to such Valuation Date or Averaging Date or, if the Scheduled Redemption Valuation Date cannot be determined with reasonable certainty, the Redemption Notice Date, in each case, relating to such Valuation Date or Averaging Date.

Section 1.50. Final Observation Date. “Final Observation Date” means, with respect to any Valuation Date or Averaging Date and any Fund Interest to which the Deemed Payout Method is applicable, the date specified as such in the related Confirmation or, if no such date is specified, such Valuation Date or Averaging Date, subject to Sections 6.6 and 6.7, as applicable.

Section 1.51. Cut-off Period. “Cut-off Period” means, with respect to any date, the period specified as such in the related Confirmation, or if no such period is specified, a period of one calendar year ending on the first anniversary of such date; provided that if a “Final Cut-off Date” is specified in the related Confirmation, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date.

Section 1.52. Final Cut-off Date. “Final Cut-off Date” means the date specified as such in the related Confirmation.

Section 1.53. Subscription Notice Date. “Subscription Notice Date” means, with respect to any Fund Interest and any Reference Fund Subscription Date, the date specified as such in the related Confirmation or, if no such date is specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Reference Fund and be considered effective as of such Reference Fund Subscription Date. If the related Confirmation does not specify a Subscription Notice Date or a Reference Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Trade Date.

Section 1.54. Reference Fund Subscription Date. “Reference Fund Subscription Date” means the date specified as such in the related Confirmation or, if no such date is specified, with respect to any Fund Interest, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Reference Fund would be considered effective by the Fund.

Section 1.55. Knock-in Price. “Knock-in Price” means, in respect of a Fund Derivative Transaction that is subject to a Knock-in Event, the level, price or amount specified as such in the related Confirmation.

Section 1.56. Knock-out Price. “Knock-out Price” means, in respect of a Fund Derivative Transaction that is subject to a Knock-out Event, the level, price or amount specified as such in the related Confirmation.

Section 1.57. Knock-in Event.

(a) If “Knock-in Event” is specified as applicable to a Fund Derivative Transaction, then unless otherwise specified in the related Confirmation, a party’s right to exercise an Option under a Fund Option Transaction and its right to receive, or its obligation to make, a payment or delivery under a Fund Option Transaction (once exercised or deemed exercised), a Fund Forward Transaction or Fund Swap Transaction where such right or obligation is subject to a Knock-in Event shall be conditional upon the occurrence of the Knock-in Event on any Knock-in Determination Day as of the time of such exercise, deemed exercise, payment or delivery, and the parties shall have any other rights and obligations set forth in the related Confirmation from and after the occurrence of the Knock-in Event.

(b) “Knock-in Event” means the event or occurrence specified as such in the related Confirmation. In the event that the related Confirmation does not specify such an event or occurrence but specifies a Knock-in Reference Fund Interest and/or a Knock-in Price, a Knock-in Event shall occur for a Fund Derivative Transaction for which such Knock-in Reference Fund Interest is also the Fund Interest or Basket specified in the related Confirmation: (i) where, on the Trade Date, the Knock-in Price is greater than the Initial Price, Strike Price, Forward Price or other initial level set for the Fund Derivative Transaction, when the level, price or amount of the Knock-in Reference Fund Interest determined as of the Knock-in Valuation Time on any Knock-in Determination Day is greater than or equal to the Knock-in Price; and (ii) where, on the Trade Date, the Knock-in Price is less than the Initial Price, Strike Price, Forward Price or other initial level set for the Fund Derivative Transaction, when the level, price or amount of the Knock-in Reference Fund Interest determined as of the Knock-in Valuation Time on any Knock-in Determination Day is less than or equal to the Knock-in Price. In the event of a dispute between the parties as to whether a Knock-in Event has occurred, the Calculation Agent shall determine whether a Knock-in Event has occurred.

Section 1.58. Knock-out Event.

(a) If “Knock-out Event” is specified as applicable to a Fund Derivative Transaction, then unless otherwise specified in the related Confirmation, a party’s right to exercise an Option under a Fund Option Transaction and its right to receive, or its obligation to make, a payment or delivery under a Fund Option Transaction (once exercised or deemed exercised), a Fund Forward Transaction or Fund Swap Transaction where such right or obligation is subject to a Knock-out Event shall be conditional upon the Knock-out Event not having occurred on any Knock-out Determination Day as of the time of such exercise, deemed exercise, payment or delivery, and the parties shall have any other rights and obligations set forth in the related Confirmation from and after the occurrence of the Knock-out Event.

(b) “Knock-out Event” means the event or occurrence specified as such in the related Confirmation. In the event that the related Confirmation does not specify such an event or occurrence but specifies a Knock-out Reference Fund Interest and/or a Knock-out Price, a Knock-out Event shall occur for a Fund Derivative Transaction for which such Knock-out Reference Fund Interest is also the Fund Interest or Basket specified in the related Confirmation: (i) where, on the Trade Date, the Knock-out Price is greater than the Initial Price, Strike Price, Forward Price or other initial level set for the Fund Derivative Transaction, when the level, price or

amount of the Knock-out Reference Fund Interest determined as of the Knock-out Valuation Time on any Knock-out Determination Day is greater than or equal to the Knock-out Price; and (ii) where, on the Trade Date, the Knock-out Price is less than the Initial Price, Strike Price, Forward Price or other initial level set for the Fund Derivative Transaction, when the level, price or amount of the Knock-out Reference Fund Interest determined as of the Knock-out Valuation Time on any Knock-out Determination Day is less than or equal to the Knock-out Price. In the event of a dispute between the parties as to whether a Knock-out Event has occurred, the Calculation Agent shall determine whether a Knock-out Event has occurred.

Section 1.59. Knock-in Reference Fund Interest. “Knock-in Reference Fund Interest” means, in respect of a Fund Derivative Transaction for which a Knock-in Event is specified as being applicable, the index, share, Fund Interest, other security or basket specified as such in the related Confirmation. In the event that the related Confirmation does not specify a Knock-in Reference Fund Interest, the Knock-in Reference Fund Interest will be deemed to be the same Fund Interest or Basket, as the case may be, specified in the related Confirmation.

Section 1.60. Knock-out Reference Fund Interest. “Knock-out Reference Fund Interest” means, in respect of a Fund Derivative Transaction for which a Knock-out Event is specified as being applicable, the index, share, Fund Interest, other security or basket specified as such in the related Confirmation. In the event that the related Confirmation does not specify a Knock-out Reference Fund Interest, the Knock-out Reference Fund Interest will be deemed to be the same Fund Interest or Basket, as the case may be, specified in the related Confirmation.

Section 1.61. Knock-in Determination Day. “Knock-in Determination Day” means, in respect of a Fund Derivative Transaction for which a Knock-in Event is specified as being applicable, each day specified as such in the related Confirmation, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding day that is not a Disrupted Day, unless each day of the Cut-off Period that starts on the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, the last day of such Cut-off Period shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the level, price or amount of the Knock-in Reference Fund Interest in the same manner that it would determine a level, price or amount of an index, share, Fund Interest or Basket on a deemed Valuation Date that is also a Disrupted Day (which for any Fund Interest or Basket would be in accordance with the provisions of Section 6.6(a)(ii) or (b)(ii) of these Definitions, as the case may be). In the event that the related Confirmation does not specify any Knock-in Determination Days, each Fund Business Day from and including the Trade Date to and including the final Valuation Date or the Expiration Date or, if there is no such Valuation Date or Expiration Date, the date that is one Local Business Day prior to the last Subscription Notice Date for which the related Reference Fund Subscription Date for the Knock-in Reference Fund Interest would occur on or prior to the last Physical Settlement Date in relation to the Fund Derivative Transaction (adjusted, if applicable, as provided in Sections 3.1(f) and 6.6) shall be deemed to be Knock-in Determination Days in relation to the Fund Derivative Transaction.

Section 1.62. Knock-out Determination Day. “Knock-out Determination Day” means, in respect of a Fund Derivative Transaction for which a Knock-out Event is specified as being applicable, each day specified as such in the related Confirmation, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the

Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding day that is not a Disrupted Day, unless each day of the Cut-off Period that starts on the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, the last day of such Cut-off Period shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the level, price or amount of the Knock-out Reference Fund Interest in the same manner that it would determine a level, price or amount of an index, share, Fund Interest or Basket on a deemed Valuation Date that is also a Disrupted Day (which for any Fund Interest or Basket would be in accordance with the provisions of Section 6.6(a)(ii) or (b)(ii) of these Definitions, as the case may be). In the event that the related Confirmation does not specify any Knock-out Determination Days, each Fund Business Day from and including the Trade Date to and including the final Valuation Date, the Expiration Date or, if there is no such Valuation Date or Expiration Date, the date that is one Settlement Cycle prior to the final Physical Settlement Date in relation to the Fund Derivative Transaction (adjusted, if applicable, as provided in Sections 3.1(f) and 6.6) shall be deemed to be Knock-out Determination Days in relation to the Fund Derivative Transaction.

Section 1.63. Knock-in Valuation Time. “Knock-in Valuation Time” means, in respect of a Fund Derivative Transaction that provides for a right to receive, or obligation to make, a payment or delivery that is subject to a Knock-in Event, the time on any Knock-in Determination Day specified as such in the related Confirmation. In the event that the related Confirmation does not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time specified in the related Confirmation, or if no Valuation Time is specified, the close of business in the Hypothetical Investor Jurisdiction.

Section 1.64. Knock-out Valuation Time. “Knock-out Valuation Time” means, in respect of a Fund Derivative Transaction that provides for a right to receive, or obligation to make, a payment or delivery that is subject to a Knock-out Event, the time on any Knock-out Determination Day specified as such in the related Confirmation. In the event that the related Confirmation does not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time specified in the related Confirmation, or if no Valuation Time is specified, the close of business in the Hypothetical Investor Jurisdiction.

ARTICLE 2

GENERAL TERMS RELATING TO OPTION TRANSACTIONS

Section 2.1. Certain Definitions and Provisions Relating to Fund Option Transactions. When used in relation to a Fund Option Transaction, the following terms have the indicated meanings:

(a) **Commencement Date.** “Commencement Date” means, in respect of a Fund Option Transaction that is an American Option Transaction, the date specified as such in the related Confirmation or, if such date is not a Local Business Day, the next following Local Business Day. If no such date is specified, the Commencement Date shall be the Trade Date.

(b) **Number of Options.** “Number of Options” means the number specified as such in the related Confirmation, being the number of Options comprised in the relevant Fund Option Transaction.

(c) **Option Entitlement.** “Option Entitlement” means, in respect of a Fund Interest Option Transaction, the number of Fund Interest Units per Option specified as such in the related Confirmation and, in respect of a Fund Interest Basket Option Transaction, the number of Baskets per Option specified as such in the related Confirmation. In the event that no Option Entitlement is specified in the related Confirmation, the Option Entitlement in respect of any Fund Interest Option Transaction shall be one Fund Interest Unit per Option, and in respect of any Fund Interest Basket Option Transaction shall be one Basket per Option.

(d) **Option.** “Option” means, in respect of a Fund Option Transaction, each unit into which the Fund Option Transaction is divided for purposes of exercise, valuation or settlement.

(e) **Strike Price.** “Strike Price” means:

(i) in respect of a Fund Interest Option Transaction, the price per Fund Interest Unit specified or otherwise determined as provided in the related Confirmation; and

(ii) in respect of a Fund Interest Basket Option Transaction, the amount per Basket specified or otherwise determined as provided in the related Confirmation.

Section 2.2. Option Style.

(a) **American Option.** “American Option” means, in respect of a Fund Derivative Transaction, a Fund Option Transaction other than a Bermuda Option, pursuant to which the right or rights granted are exercisable on any Local Business Day during an Exercise Period that consists of more than one Local Business Day.

(b) **Bermuda Option.** “Bermuda Option” means, in respect of a Fund Derivative Transaction, a Fund Option Transaction pursuant to which the right or rights granted are exercisable only on the Potential Exercise Dates during the Exercise Period and on the Expiration Date.

(c) **European Option.** “European Option” means, in respect of a Fund Derivative Transaction, a Fund Option Transaction pursuant to which the right or rights granted are exercisable only on the Expiration Date.

Section 2.3. Option Type.

(a) **Call.** “Call” means, in respect of a Fund Derivative Transaction, a Fund Option Transaction entitling Buyer upon exercise:

(i) where “Cash Settlement” is applicable, to receive from Seller an Option Cash Settlement Amount if the Settlement Price exceeds the Strike Price; and

(ii) where “Physical Settlement” is applicable, to purchase Fund Interests or Baskets of Fund Interests from Seller at the Settlement Price per Fund Interest Unit or Basket,

in each case as more particularly provided in or pursuant to these Definitions and the related Confirmation.

(b) **Put.** “Put” means, in respect of a Fund Derivative Transaction, a Fund Option Transaction entitling Buyer upon exercise:

(i) where “Cash Settlement” is applicable, to receive from Seller an Option Cash Settlement Amount if the Strike Price exceeds the Settlement Price; and

(ii) where “Physical Settlement” is applicable, to sell Fund Interests or Baskets of Fund Interests to Seller at the Settlement Price per Fund Interest Unit or Basket,

in each case as more particularly provided in or pursuant to these Definitions and the related Confirmation.

Section 2.4. Terms Relating to Premium.

(a) **Payment of Premium.** In respect of a Fund Option Transaction, Buyer shall pay Seller the Premium on the Premium Payment Date.

(b) **Premium.** “Premium” means, in respect of a Fund Option Transaction, the amount specified or otherwise determined as provided in the related Confirmation. If a Premium per Option is specified in the related Confirmation, the Premium shall be the product of the Premium per Option and the Number of Options.

(c) **Premium Payment Date.** “Premium Payment Date” means, in respect of a Fund Option Transaction, the date specified or otherwise determined as provided in the related Confirmation or, if such date is not a Currency Business Day for the currency in which the Premium is payable, the next following Currency Business Day. If the Premium Payment Date is not specified in the related Confirmation, the Premium Payment Date will fall on the date that is two Currency Business Days following the Trade Date.

ARTICLE 3

EXERCISE OF OPTIONS

Section 3.1. General Terms Relating to Exercise.

(a) **Exercise Period.** “Exercise Period” means, unless otherwise specified in the related Confirmation, (i) in respect of a Fund Option Transaction that is an American Option, all Local Business Days from, and including, the Commencement Date to, and including, the Expiration Date between 9:00 a.m. and the Latest Exercise Time, (ii) in respect of a Fund Option Transaction that is a Bermuda Option, each Potential Exercise Date between 9:00 a.m. and the Latest Exercise Time and the Expiration Date between 9:00 a.m. and the Latest Exercise Time, and (iii) in respect of a Fund Option Transaction that is a European Option, the Expiration Date between 9:00 a.m. and the Expiration Time. All times specified in this paragraph shall be, unless otherwise specified in the related Confirmation, local time in the location specified in the related Confirmation for receipt by Seller of notices relating to the Fund Derivative Transaction or, where an agent is designated by Seller for the purpose of receiving notice of exercise (“Seller’s Agent”), local time in the specified location of Seller’s Agent or, where no such location is specified in the related Confirmation, local time in the Hypothetical Investor Jurisdiction.

(b) **Exercise Date.** “Exercise Date” means, in respect of a Fund Option Transaction, the Local Business Day during the Exercise Period on which such Option is, or is deemed to be, exercised.

(c) **Potential Exercise Date.** “Potential Exercise Date” means, in respect of a Fund Option Transaction that is a Bermuda Option, each date specified as such in the related Confirmation (or, if such date is not a Local Business Day, the next following Local Business Day), unless such date is a Disrupted Day as of the Latest Exercise Time on such date, in which case the Potential Exercise Date shall be the first succeeding Local Business Day that is not a Disrupted Day, unless no Local Business Day that is not a Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, the last day of such Cut-off Period shall be deemed to be the Potential Exercise Date, notwithstanding the fact that such day is a Disrupted Day. Notwithstanding the foregoing, if a Fund Option Transaction is exercised on a Local Business Day that would have been a Potential Exercise Date prior to the occurrence of an event giving rise to a Disrupted Day, such Local Business Day shall be deemed to be the Potential Exercise Date for the purpose of determining whether an Exercise Date has occurred during the Exercise Period.

(d) **Latest Exercise Time.** “Latest Exercise Time” means, in respect of a Fund Option Transaction, the time specified as such in the related Confirmation, provided that on the Expiration Date the Latest Exercise Time shall be the Expiration Time. If no such time is specified, the Latest Exercise Time shall be the Expiration Time.

(e) **Expiration Time.** “Expiration Time” means, in respect of a Fund Option Transaction, the time specified as such in the related Confirmation. If no such time is specified, the Expiration Time shall be the Valuation Time.

(f) **Expiration Date.** “Expiration Date” means, in respect of a Fund Option Transaction, the date specified as such in the related Confirmation (or, if such date is not a Local Business Day, as applicable, the next following Local Business Day), unless such date is a Disrupted Day as of the Latest Exercise Time on such date. If such date is a Disrupted Day as of such time, then the Expiration Date shall be the first succeeding Local Business Day that is not a Disrupted Day, unless no Local Business Day that is not a Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, the last day of such Cut-off Period shall be deemed to be the Expiration Date, notwithstanding the fact that such day is a Disrupted Day. Notwithstanding the foregoing, if a Fund Option Transaction is exercised on a Local Business Day that would have been an Expiration Date prior to the occurrence of an event giving rise to a Disrupted Day, such Local Business Day shall be deemed to be the Expiration Date for the purpose of determining whether an Exercise Date has occurred during the Exercise Period.

Section 3.2. Procedure for Exercise. Except when Automatic Exercise applies, Buyer must give irrevocable notice (which will be oral telephonic notice if practicable, and otherwise written notice) during the Exercise Period to Seller, or, if applicable, Seller’s Agent, of its exercise of an Option. In the case of a Fund Option Transaction that is an American Option, if the notice of exercise is given after the Latest Exercise Time on a Local Business Day, then that notice will be deemed given on the next following Local Business Day, if any, in the Exercise Period. In the case of an American Option or a Bermuda Option to which Multiple Exercise is applicable, Buyer must specify in the notice the number of Options being exercised on the relevant Exercise Date. Buyer will execute and deliver to Seller, or, if applicable, Seller’s Agent, a written confirmation confirming the substance of any telephonic notice within one Local

Business Day of that notice. Without limiting the obligation of Buyer to provide such written confirmation, failure by Buyer to provide it will not affect the validity of the telephonic notice.

Section 3.3. Multiple Exercise.

(a) If “Multiple Exercise” is specified to be applicable to a Fund Option Transaction that is an American Option or a Bermuda Option, Buyer may exercise all or less than all the unexercised Options on one or more Local Business Days during the Exercise Period but (except as set forth below) on any such Local Business Day may not exercise less than the Minimum Number of Options or more than the Maximum Number of Options and, if a number is specified as the “Integral Multiple” in the related Confirmation, the number of exercised Options must be equal to, or be an integral multiple of, the number so specified. Except as set forth below, any attempt to exercise on any such Local Business Day:

(i) more than the Maximum Number of Options will be deemed to be an exercise of the Maximum Number of Options (the number of Options exceeding the Maximum Number of Options being deemed to remain unexercised);

(ii) less than the Minimum Number of Options will be ineffective; and

(iii) an amount of Options not equal to or an integral multiple of the Integral Multiple will be deemed to be an exercise of a number of Options equal to the next lowest integral multiple of the Integral Multiple (the number of Options exceeding that number being deemed to remain unexercised).

(b) Notwithstanding the foregoing, on any such Local Business Day Buyer may exercise any number of Options that does not exceed the Maximum Number of Options if it exercises all the Options remaining unexercised. On the Expiration Date, Buyer may exercise any number of Options remaining unexercised.

(c) “**Minimum Number of Options**” means, in respect of a Fund Option Transaction to which Multiple Exercise is applicable, the number specified as such in the related Confirmation.

(d) “**Maximum Number of Options**” means, in respect of a Fund Option Transaction to which Multiple Exercise is applicable, the number specified as such in the related Confirmation.

Section 3.4. Automatic Exercise. If “Automatic Exercise” is specified to be applicable to a Fund Option Transaction, then each Option not previously exercised under that Fund Option Transaction will be deemed to be automatically exercised:

(a) where “Cash Settlement” is applicable, at the Expiration Time on the Expiration Date unless Buyer notifies Seller or, if applicable, Seller’s Agent (by telephone or in writing) prior to the Expiration Time on the Expiration Date that it does not wish Automatic Exercise to occur, in which case Automatic Exercise will not apply; and

(b) where “Physical Settlement” is applicable, at the Expiration Time on the Expiration Date if at such time the Option is In-the-Money, as determined by the Calculation Agent, unless Buyer notifies Seller or, if applicable, Seller’s Agent (by telephone or in writing)

prior to the Expiration Time on the Expiration Date that it does not wish Automatic Exercise to occur, in which case Automatic Exercise will not apply.

(c) **“In-the-Money”** means (i) in respect of a Call relating to a Fund Option Transaction, that the Reference Price is greater than the Strike Price; and (ii) in respect of a Put relating to a Fund Option Transaction, that the Reference Price is less than the Strike Price.

(d) **“Reference Price”** means the price per Fund Interest Unit or amount per Basket determined as provided in the related Confirmation as of the Expiration Time on the Expiration Date or, if no means of determining such price or amount are so provided, in respect of a Fund Option Transaction, the Relevant Price of the Fund Interest Unit and, in respect of a Fund Interest Basket Option Transaction, the sum of the values calculated as of the Expiration Time on the Expiration Date for each Fund Interest Unit comprising the Basket as the product of the Relevant Price of such Fund Interest Unit and the relevant Number of Shares comprised in the Basket. When calculating the Relevant Price for purposes of determining the Reference Price, the Valuation Time and the Valuation Date will be the Expiration Time and the Expiration Date, respectively, Reported Value Method shall be deemed to apply and the applicable Reported Value Convention shall be Last Reported Value.

ARTICLE 4

GENERAL TERMS RELATING TO FORWARD TRANSACTIONS

Section 4.1. Certain Definitions Relating to Forward Transactions. When used in respect of a Fund Forward Transaction, the following terms have the indicated meanings:

(a) **Forward Price.** “Forward Price” means, in respect of any Fund Forward Transaction:

(i) in respect of a Fund Interest Forward Transaction, the price per Fund Interest Unit specified or otherwise determined as provided in the related Confirmation; and

(ii) in respect of a Fund Interest Basket Forward Transaction, the amount per Basket specified or otherwise determined as provided in the related Confirmation.

(b) **Forward Floor Price.** “Forward Floor Price” means, in respect of any Fund Forward Transaction, the price per Fund Interest Unit or amount per Basket, as applicable, specified or otherwise determined as provided in the related Confirmation.

(c) **Forward Cap Price.** “Forward Cap Price” means, in respect of any Fund Forward Transaction, the price per Fund Interest Unit or amount per Basket, as applicable, specified or otherwise determined as provided in the related Confirmation.

Section 4.2. Terms Relating to Prepayment.

(a) **Payment of the Prepayment Amount.** In respect of a Forward Transaction to which “Prepayment” is specified as applicable in the related Confirmation, Buyer shall pay Seller the Prepayment Amount on the Prepayment Date.

(b) **Prepayment Amount.** “Prepayment Amount” means the amount specified or otherwise determined as provided in the related Confirmation.

(c) **Prepayment Date.** “Prepayment Date” means, in respect of any Fund Forward Transaction, the date specified or otherwise determined as provided in the related Confirmation, or, if such date is not a Currency Business Day, the next following Currency Business Day. If the Prepayment Date is not specified in the related Confirmation, the Prepayment Date will fall on the date that is two Currency Business Days following the Trade Date.

ARTICLE 5

GENERAL TERMS RELATING TO FUND SWAP TRANSACTIONS

Section 5.1. Equity Amount Payer. “Equity Amount Payer” means, in respect of a Fund Swap Transaction, the party or parties specified as such in the related Confirmation.

Section 5.2. Equity Amount Receiver. “Equity Amount Receiver” means, in respect of a Fund Swap Transaction, the party or parties specified as such in the related Confirmation. If a party is not specified as such in the related Confirmation, then in respect of an Equity Amount Payer, the Equity Amount Receiver shall be the other party to the Fund Swap Transaction.

Section 5.3. Initial Exchange Amount. “Initial Exchange Amount”, if applicable, means, in respect of a Fund Swap Transaction and a party, an amount that is specified as such in the related Confirmation for that party and is payable by that party on the Initial Exchange Date.

Section 5.4. Initial Exchange Date. “Initial Exchange Date” means, in respect of a Fund Swap Transaction, the date specified as such or otherwise determined as provided in the related Confirmation, or, if such date is not a Currency Business Day, the next following Currency Business Day.

Section 5.5. Final Exchange Amount. “Final Exchange Amount”, if applicable, means, in respect of a Fund Swap Transaction and a party, an amount that is specified as such in the related Confirmation for that party and is payable by that party on the Final Exchange Date.

Section 5.6. Final Exchange Date. “Final Exchange Date” means, in respect of a Fund Swap Transaction, the date specified as such or otherwise determined as provided in the related Confirmation, or, if such date is not a Currency Business Day, the next following Currency Business Day.

Section 5.7. Rate of Return. “Rate of Return” means, in respect of each Cash Settlement Payment Date relating to a Fund Swap Transaction, a rate determined by the Calculation Agent as of the relevant Valuation Date to which the Cash Settlement Payment Date relates on a formula basis as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}} \times \text{Multiplier (if any)}$$

If the related Confirmation specifies that the Rate of Return shall be “Net of Fees” and Reported Value Method is applicable, then the Final Price shall be (to the extent not otherwise reflected in the Reported Fund Interest Value) reduced by an amount equal to the fees, costs, and

expenses that a Hypothetical Investor in the related Fund Interest would be obligated, pursuant to the Fund Documents of the Reference Fund, to pay (including, without limitation, by deduction or withholding) in connection with or related to redemption of such Fund Interest.

Section 5.8. Initial Price. “Initial Price” means, in respect of the first Valuation Date under a Fund Swap Transaction, the price specified as such or otherwise determined as provided in the related Confirmation, and in respect of each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date.

Section 5.9. Final Price. “Final Price” means, in respect of each Valuation Date:

(a) in respect of a Fund Interest Transaction, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the related Confirmation as of the Valuation Time on the Valuation Date or, if no means for determining the Final Price are so provided, pursuant to the following provisions:

(i) in respect of any Fund Interest Swap Transaction to which Reported Value Method is applicable, the Final Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date, subject to the applicable Reported Value Convention; provided that if the related Confirmation specifies that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall (A) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as “Redemption Fees” in the related Confirmation and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date of all Fund Interest Units that are subject to valuation and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; and

(ii) in respect of any Fund Interest Swap Transaction to which Deemed Payout Method is applicable, the Final Price per related Fund Interest Unit in respect of a Valuation Date shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest, in connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date.

(b) in respect of a Fund Interest Basket Swap Transaction, an amount for the Basket determined by the Calculation Agent as provided in the related Confirmation as of the relevant Valuation Time(s) on the Valuation Date or, if no means for determining the Final Price are so provided, an amount for the Basket equal to the sum of the values for each Fund Interest Unit comprising the Basket as the product of (i) the Relevant Price of such Fund Interest Unit and (ii) the relevant Number of Units comprised in the Basket.

Section 5.10. Equity Notional Reset. In respect of each Cash Settlement Payment Date for an Equity Amount Payer under a Fund Swap Transaction, if “Equity Notional Reset” is specified as applicable in the related Confirmation, then:

(a) the Equity Notional Amount applicable in respect of the first Cash Settlement Payment Date for that Equity Amount Payer under the relevant Fund Swap Transaction will be the amount specified as such in the related Confirmation;

(b) the Equity Notional Amount applicable in respect of each subsequent Cash Settlement Payment Date will be the sum of (i) the Equity Notional Amount in respect of the prior Cash Settlement Payment Date and (ii) the Equity Amount, whether positive or negative, in respect of the prior Cash Settlement Payment Date; and

(c) if a “Notional Amount” has been specified in the related Confirmation in relation to the other party, the Notional Amount will be adjusted, unless otherwise specified in the related Confirmation, as provided in sub-clauses (a) and (b) above as though it were an Equity Notional Amount.

ARTICLE 6

VALUATION

Section 6.1. Valuation Time. “Valuation Time” means the time on the relevant Valuation Date or Averaging Date, as the case may be, specified as such in the related Confirmation or, if no such time is specified, (a) in respect of a Fund Interest to which Reported Value Method is applicable, the time as of which the Reported Fund Interest Value is determined, and (b) in respect of a Fund Interest to which Deemed Payout Method is applicable, the close of business in the Hypothetical Investor Jurisdiction on the relevant Valuation Date or Averaging Date, as the case may be.

Section 6.2. Valuation Date. “Valuation Date” means, subject to the provisions of Section 6.6 below:

(a) in respect of a Fund Option Transaction relating to any Fund Interest to which Reported Value Method is applicable, unless otherwise provided in the related Confirmation, for each Fund Interest underlying such Fund Option Transaction, the Scheduled Redemption Valuation Date that would result if a Hypothetical Investor requesting redemption of all the related Fund Interest Units underlying the portion of such Fund Option Transaction being exercised submitted such redemption notice on (i) the Exercise Date, if the Option is deemed exercised on such date pursuant to Section 3.4 and the Exercise Date is a Fund Business Day, or (ii) the Fund Business Day next following the Exercise Date otherwise;

(b) in respect of a Fund Option Transaction relating to any Fund Interest to which Deemed Payout Method is applicable, unless otherwise provided in the related Confirmation, the Scheduled Redemption Payment Date next following the Exercise Date by which all the Redemption Proceeds relating to all the Fund Interest Units underlying the portion of such Fund Option Transaction being exercised are scheduled to have been paid according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), assuming that a Hypothetical Investor submitted a redemption request for the relevant amount of Fund Interest Units on (i) the Exercise Date, if the Option is deemed exercised on such date pursuant to Section 3.4 and the Exercise Date is a Fund Business Day, or (ii) the Fund Business Day next following the Exercise Date otherwise;

(c) in respect of any Fund Swap Transaction relating to any Fund Interest to which Reported Value Method is applicable, each date specified as such or otherwise determined as provided in the related Confirmation (or, if such date is not a Fund Business Day, the next following Fund Business Day); and

(d) in respect of an Fund Swap Transaction relating to any Fund Interest to which Deemed Payout Method is applicable, each date specified as such or otherwise determined as provided in the related Confirmation (or, if such date is not a Currency Business Day, the next following Currency Business Day).

Section 6.3. General Terms Relating to Fund Disruption Events.

(a) **Fund Disruption Event.** “Fund Disruption Event” means, unless otherwise specified in the related Confirmation, in respect of any Fund Interest (i) to which Reported Value Method is applicable, the occurrence or existence of a Fund Valuation Disruption and (ii) to which Deemed Payout Method is applicable, a Fund Settlement Disruption, in each case as determined by the Calculation Agent as of the Valuation Time on the relevant Valuation Date, Averaging Date and at such other relevant dates and times as specified herein or in the related Confirmation.

(b) **Fund Valuation Disruption.** “Fund Valuation Disruption” means, (i) in respect of a Fund Interest to be valued using the Reported Value Method for which the applicable Reported Value Convention is either Prior Redemption Valuation Date or Following Redemption Valuation Date, the failure of a Scheduled Redemption Valuation Date to be a Redemption Valuation Date or any continued postponement of such Redemption Valuation Date, and (ii) for any other Fund Interest, the failure of a Scheduled Fund Valuation Date to be a Fund Valuation Date or any continued postponement of such Fund Valuation Date.

(c) **Fund Settlement Disruption.** “Fund Settlement Disruption” means, in respect of a Fund Interest and any day, a failure by the Reference Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests).

Section 6.4. Disrupted Day. “Disrupted Day” means, with respect to any Fund Derivative Transaction, any day on which a Fund Disruption Event has occurred or is continuing. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the parties or other party, as the case may be, of the occurrence of a Disrupted Day on any day that, but for the occurrence or continuance of a Disrupted Day, would have been an Averaging Date, a Valuation Date, a Potential Exercise Date, a Knock-in Determination Day, a Knock-out Determination Day or an Expiration Date. Without limiting the obligation of the Calculation Agent to notify the parties as set forth in the preceding sentence, failure by the Calculation Agent to notify the parties of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and the effect of such Disrupted Day on any Fund Derivative Transaction.

Section 6.5. Scheduled Valuation Date. “Scheduled Valuation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date (ignoring for the purposes of this Section 6.5 any postponement of the Potential Exercise Date or Expiration Date as a result of the occurrence of a Disrupted Day assuming that

the original Potential Exercise Date or original Expiration Date, as the case may be, would have been a Valuation Date).

Section 6.6. Consequences of Disrupted Days. If any Valuation Date is a Disrupted Day, then:

(a) in the case of a Fund Interest Transaction, the Valuation Date shall be the next succeeding day that is not a Disrupted Day, unless no day that is not a Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Valuation Date; and

(b) in the case of a Fund Interest Basket Transaction, to the extent it relates to any Fund Interest to which Reported Value Method or Deemed Payout Method is applicable, the Valuation Date for each Fund Interest not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Fund Interest affected by the occurrence of a Disrupted Day shall be the first succeeding day that is not a Disrupted Day relating to that Fund Interest, unless no day that is not a Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Valuation Date.

Section 6.7. Averaging. If Averaging Dates are specified in the related Confirmation, then notwithstanding any other provisions of these Definitions, the following provisions will apply to the valuation of the relevant Fund Interest or Basket in respect of a Valuation Date:

(a) **Averaging Date.** “Averaging Date” means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the related Confirmation (or, (i) in respect of any Fund Interest to which Reported Value Method is applicable, if such date is not a Fund Business Day, the next following Fund Business Day, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, if such day is not a Currency Business Day, the next following Currency Business Day).

(b) **Settlement Price and Final Price.** For purposes of determining the Settlement Price or the Final Price, as the case may be, in respect of a Valuation Date, the Settlement Price or the Final Price will be:

(i) in respect of a Cash-settled Fund Interest Transaction, the arithmetic mean of the Relevant Price of the relevant Fund Interest Units on each Averaging Date; and

(ii) in respect of a Cash-settled Fund Interest Basket Transaction, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent as provided in the related Confirmation as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price or the Final Price are so provided, the arithmetic mean of the amounts for the Basket calculated on each

Averaging Date as the sum of the values calculated for each Fund Interest Unit as the product of (A) the Relevant Price of such Fund Interest Unit and (B) the relevant Number of Units comprised in the Basket.

(c) **Averaging Date Disruption.** If any Averaging Date is a Disrupted Day, then, if under “Averaging Date Disruption” the consequence specified in the related Confirmation is:

(i) “Omission,” then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Price or Final Price. If through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Section 6.6 will apply for purposes of determining the relevant price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day;

(ii) “Postponement,” then Section 6.6 will apply for purposes of determining the relevant price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Fund Derivative Transaction; or

(iii) “Modified Postponement,” then:

(A) in the case of a Fund Interest Transaction, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred prior to the last day of the Cut-off Period starting on the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Calculation Agent shall determine the relevant price or amount for that Averaging Date in accordance with Section 6.6;

(B) in the case of a Fund Interest Basket Transaction, the Averaging Date for each Fund Interest not affected by the occurrence of a Disrupted Day shall be the date specified in the related Confirmation as an Averaging Date in respect of the relevant Valuation Date and the Averaging Date for any Fund Interest affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Fund Interest. If the first succeeding Valid Date has not occurred prior to the last day of the Cut-off Period starting on the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Calculation Agent shall determine the relevant price or amount for that Averaging Date in accordance with Section 6.6;

(C) “Valid Date” shall mean, (1) in respect of Fund Interests to which Reported Value Method is applicable, a Fund Business Day, and (2) in respect of Fund Interests to which Deemed Payout Method is applicable, a Currency Business Day, in each case that is not a Disrupted Day and on which

another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

(d) If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Physical Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

ARTICLE 7

GENERAL TERMS RELATING TO SETTLEMENT

Section 7.1. Settlement Method Election. If “Settlement Method Election” is specified in the related Confirmation to be applicable to a Fund Derivative Transaction, then the party specified as entitled to make the election (or, if no party is so specified, Buyer or the Equity Amount Receiver, as the case may be where applicable) (the “Electing Party”) must give irrevocable notice (which will be oral telephonic notice if practicable, and otherwise written notice) to the other party, or, if applicable, to the other party’s agent designated for the purpose of receiving such notice, of its election to have Cash Settlement or Physical Settlement apply to such Fund Derivative Transaction. Such notice will be given on or prior to the relevant Settlement Method Election Date and the Electing Party will execute and deliver to the other party or, if applicable, such agent, a written confirmation confirming the substance of any telephonic notice within one Local Business Day of that notice. Without limiting a party’s obligation to provide such written confirmation, failure to provide it will not affect the validity of the telephonic notice. In the event that the Electing Party does not deliver any notice to the other party of the settlement method it has elected with respect to such Fund Derivative Transaction, the settlement method shall be the default settlement method (the “Default Settlement Method”) specified in the related Confirmation or, if no Default Settlement Method is specified, the settlement method in respect of a Fund Derivative Transaction shall be Cash Settlement.

Section 7.2. Settlement Method Election Date. “Settlement Method Election Date” means the date specified as such in the related Confirmation, or, if such date is not a Local Business Day, the next following Local Business Day.

Section 7.3. Settlement Price. “Settlement Price” means, in relation to a Valuation Date:

(a) in respect of a Cash-settled Fund Interest Option Transaction or a Fund Interest Forward Transaction, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the related Confirmation as of the Valuation Time on the Valuation Date or, if no means for determining the Settlement Price are so provided, pursuant to the following provisions:

(i) in respect of any Fund Interest to which Reported Value Method is applicable, the Settlement Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date, subject to the applicable Reported Value Convention; provided that if the related Confirmation specifies that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall (A) adjust the Reported Fund Interest Value to reflect, without duplication,

the relevant portion per Fund Interest Unit of (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as “Redemption Fees” in the related Confirmation and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date of all Fund Interest Units that are subject to valuation and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; and

(ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, in respect of any Fund Interest Swap Transaction to which Deemed Payout Method is applicable, the Settlement Price per related Fund Interest Unit in respect of a Valuation Date shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest in connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date.

(b) in respect of a Cash-settled Fund Interest Basket Option Transaction or a Fund Interest Basket Forward Transaction, an amount for the Basket determined by the Calculation Agent as provided in the related Confirmation as of the relevant Valuation Time(s) on the Valuation Date or, if no means for determining the Settlement Price are so provided, an amount for the Basket equal to the sum of the values for each Fund Interest Unit comprising the Basket as the product of (i) the Relevant Price of such Fund Interest Unit and (ii) the relevant Number of Units comprised in the Basket;

(c) in respect of a Physically-settled Fund Interest Option Transaction or a Physically-settled Fund Interest Basket Option Transaction, the Strike Price.

ARTICLE 8

CASH SETTLEMENT

Section 8.1. Cash Settlement of Fund Option Transactions. In respect of each Exercise Date under a Fund Option Transaction for which “Cash Settlement” is applicable, Seller shall pay to Buyer the Option Cash Settlement Amount, if any, on the relevant Cash Settlement Payment Date for all Options exercised or deemed exercised on that Exercise Date.

Section 8.2. Option Cash Settlement Amount. “Option Cash Settlement Amount” means, unless otherwise provided in the related Confirmation, in respect of each Valuation Date under a Fund Interest Option Transaction or Fund Interest Basket Option Transaction, an amount equal to the number of Options exercised or deemed exercised on the relevant Exercise Date multiplied by the Option Entitlement multiplied by the Strike Price Differential.

Section 8.3. Strike Price Differential. “Strike Price Differential” means, unless otherwise provided in the related Confirmation, in respect of each Valuation Date, an amount equal to the greater of (a) the excess of (i) in the case of a Call, the relevant Settlement Price over the Strike Price or (ii) in the case of a Put, the Strike Price over the relevant Settlement Price, and (b) zero.

Section 8.4. Cash Settlement of Forward Transactions. In respect of each Cash Settlement Payment Date under a Fund Forward Transaction for which “Cash Settlement” is applicable:

(a) if “Prepayment” is not applicable:

(i) if the Forward Cash Settlement Amount is a positive number, then Seller shall pay to Buyer the Forward Cash Settlement Amount on the relevant Cash Settlement Payment Date; and

(ii) if the Forward Cash Settlement Amount is a negative number, then Buyer shall pay to Seller the absolute value of the Forward Cash Settlement Amount on the relevant Cash Settlement Payment Date; and

(b) if “Prepayment” is applicable, then Seller will pay to Buyer on the relevant Cash Settlement Payment Date the sum of the Forward Cash Settlement Amount and the Excess Dividend Amount, if any.

Section 8.5. Forward Cash Settlement Amount. “Forward Cash Settlement Amount” means, unless otherwise provided in the related Confirmation, in respect of each Valuation Date:

(a) under a Fund Interest Forward Transaction or Fund Interest Basket Forward Transaction to which “Prepayment” is not applicable and “Variable Obligation” is not applicable, an amount equal to the Number of Units or the Number of Baskets, as the case may be, multiplied by an amount equal to the Settlement Price minus the Forward Price;

(b) under a Fund Interest Forward Transaction or Fund Interest Basket Forward Transaction to which “Prepayment” is applicable and “Variable Obligation” is not applicable, an amount equal to the Number of Units or the Number of Baskets, as the case may be, multiplied by the Settlement Price;

(c) under a Fund Interest Forward Transaction or Fund Interest Basket Forward Transaction to which “Prepayment” is not applicable and “Variable Obligation” is applicable, an amount equal to the Number of Units or the Number of Baskets, as the case may be, multiplied by:

(i) if the Settlement Price is less than or equal to the Forward Floor Price, an amount equal to the Settlement Price minus the Forward Floor Price;

(ii) if the Settlement Price is greater than the Forward Floor Price but less than or equal to the Forward Cap Price, zero; and

(iii) if the Settlement Price is greater than the Forward Cap Price, an amount equal to the Settlement Price minus the Forward Cap Price; and

(d) under a Fund Interest Forward Transaction or Fund Interest Basket Forward Transaction to which both “Prepayment” and “Variable Obligation” are applicable, an amount equal to the Number of Units to be Delivered or the Number of Baskets to be Delivered, as the case may be and in either case determined without regard to rounding, multiplied by the Settlement Price.

(i) “**Number of Units to be Delivered**” means the number of Fund Interest Units calculated as set out below:

(A) if the Settlement Price is less than or equal to the Forward Floor Price, the Number of Units;

(B) if the Settlement Price is greater than the Forward Floor Price but less than or equal to the Forward Cap Price, a number of Fund Interest Units equal to:

$$\frac{\text{Forward Floor Price}}{\text{Settlement Price}} \times \text{Number of Units}$$

and

(C) if the Settlement Price is greater than the Forward Cap Price, a number of Fund Interest Units equal to:

$$\frac{\text{Forward Floor Price} + (\text{Settlement Price} - \text{Forward Cap Price})}{\text{Settlement Price}} \times \text{Number of Units}$$

(ii) “**Number of Baskets to be Delivered**” means:

(A) if the Settlement Price is less than or equal to the Forward Floor Price, the Number of Baskets;

(B) if the Settlement Price is greater than the Forward Floor Price but less than or equal to the Forward Cap Price, a number of Baskets equal to:

$$\frac{\text{Forward Floor Price}}{\text{Settlement Price}} \times \text{Number of Baskets}$$

and

(C) if the Settlement Price is greater than the Forward Cap Price, a number of Baskets equal to:

$$\frac{\text{Forward Floor Price} + (\text{Settlement Price} - \text{Forward Cap Price})}{\text{Settlement Price}} \times \text{Number of Baskets}$$

Section 8.6. Cash Settlement of Fund Swap Transactions. In respect of each Cash Settlement Payment Date for an Equity Amount Payer under a Fund Swap Transaction for which “Cash Settlement” is applicable:

(a) if the Type of Return specified in the related Confirmation is “Price Return,” then:

(i) if the Equity Amount determined by the Calculation Agent in relation to that Equity Amount Payer is a positive number, then that Equity Amount Payer will pay

(in addition to any other amounts payable by that Equity Amount Payer) to the Equity Amount Receiver the Equity Amount on the relevant Cash Settlement Payment Date; and

(ii) if the Equity Amount determined by the Calculation Agent in relation to that Equity Amount Payer is a negative number, then the Equity Amount Receiver will pay (in addition to any other amounts payable by that Equity Amount Receiver) to the Equity Amount Payer the absolute value of the Equity Amount on the relevant Cash Settlement Payment Date;

(b) if the Type of Return specified in the related Confirmation is “Total Return” and “Re-investment of Dividends” is not applicable, then Section 8.6(a) will apply as though Price Return were the applicable Type of Return and, in addition, on each Dividend Payment Date, the relevant Equity Amount Payer will pay to the Equity Amount Receiver the relevant Dividend Amount (if any) owed by such Equity Amount Payer on that Dividend Payment Date; and

(c) if the Type of Return specified in the related Confirmation is “Total Return” and “Re-investment of Dividends” is applicable, then Section 8.6(a) will apply as though Price Return were the applicable Type of Return, provided that for purposes of determining the relevant Equity Amount for each subsequent Cash Settlement Payment Date the Calculation Agent shall make the adjustment provided for in Section 10.4.

Section 8.7. Equity Amount. “Equity Amount” means, in respect of each Cash Settlement Payment Date and an Equity Amount Payer, an amount, determined by the Calculation Agent as of the Valuation Time on the Valuation Date to which the Cash Settlement Payment Date relates, equal to the product of the Equity Notional Amount and the Rate of Return.

Section 8.8. Cash Settlement Payment Date. “Cash Settlement Payment Date” means any date specified or otherwise determined as provided in the related Confirmation or, if any such date is not a Currency Business Day, the next following Currency Business Day. If no such date is specified in the related Confirmation, the Cash Settlement Payment Date will fall on the date that is one Settlement Cycle following the Valuation Date, or if such date is not a Currency Business Day, the next following Currency Business Day. In the case of a Fund Interest Basket Transaction, if as a result of the occurrence of a Disrupted Day there is more than one Valuation Date with respect to the Fund Interests comprising the Basket, then the relevant Cash Settlement Payment Date shall be determined by reference to the Valuation Date that is the last to occur.

ARTICLE 9

PHYSICAL SETTLEMENT

Section 9.1. Physical Settlement of Fund Derivative Transactions. In respect of any Fund Derivative Transaction for which Physical Settlement is specified as applicable, such physical settlement shall be effectuated as set forth in the related Confirmation and the date specified as the date on which such physical settlement shall be effectuated will be the “Physical Settlement Date” for purposes of these Definitions. If no means for effectuating physical settlement is specified, Cash Settlement shall be deemed to apply.

ARTICLE 10

DIVIDENDS

Section 10.1. Dividend Amount. “Dividend Amount” means, in respect of the relevant Fund Interest, the related Dividend Period and the related Dividend Payment Date, the Record Amount, the Paid Amount or the Hypothetical Investor Paid Amount, as specified in the related Confirmation, or any other amount determined as provided in the related Confirmation or included as part of an adjustment pursuant to Section 11.1.

(a) **Record Amount.** “Record Amount” means, in relation to a Dividend Amount relating to a Fund Interest, 100% of the gross cash dividend per relevant Fund Interest Unit or other amount of Fund Interest declared by the Reference Fund to holders of record of such amount of such Fund Interest on any record date occurring during the relevant Dividend Period.

(b) **Paid Amount.** “Paid Amount” means, in relation to a Dividend Amount, relating to a Fund Interest, 100% of the gross cash dividend per relevant Fund Interest Unit or other amount of Fund Interest paid by the Reference Fund during the relevant Dividend Period to holders of record of such amount of such Fund Interest.

(c) **Hypothetical Investor Paid Amount.** “Hypothetical Investor Paid Amount” means, in relation to a Dividend Amount relating to a Fund Interest, 100% of the cash dividends relating to the relevant Fund Interest Unit or other amount of Fund Interest that would have been paid during the relevant Dividend Period by the Reference Fund to the Hypothetical Investor as determined by the Calculation Agent.

Any “gross cash dividend” shall represent a sum before the withholding or deduction of taxes at the source by or on behalf of any applicable authority having power to tax in respect of such a dividend, and shall exclude any imputation or other credits, refunds or deductions granted by any applicable authority having power to tax in respect of such dividend and any taxes, credits, refunds or benefits imposed, withheld, assessed or levied thereon. In addition, “gross cash dividends” shall exclude Extraordinary Dividends and Excess Dividend Amounts, if any, unless otherwise provided in the related Confirmation.

Section 10.2. Dividend Payment Date. “Dividend Payment Date” means, in respect of a Dividend Period relating to a Fund Derivative Transaction, each date specified or otherwise determined as provided in the related Confirmation or, if such date is not a Currency Business Day, the next following Currency Business Day. If no such date is specified in the related Confirmation, the Dividend Payment Date shall be the Cash Settlement Payment Date or Physical Settlement Date, as the case may be, relating to the end of the relevant Dividend Period.

Section 10.3. Dividend Period. “Dividend Period” means the First Period, the Second Period or the Hypothetical Investor Dividend Period as specified in the related Confirmation, or such other period determined as provided in the related Confirmation. If no Dividend Period is specified in the related Confirmation, the Dividend Period applicable to a Fund Derivative Transaction will be the Hypothetical Investor Dividend Period.

(a) **First Period.** “First Period” means, in respect of a Fund Derivative Transaction, each period from, and including, one Cash Settlement Payment Date or Physical Settlement Date, as the case may be, to, but excluding, the next following Cash Settlement Payment Date or Physical Settlement Date, as the case may be, except that (i) the initial Dividend Period will

commence on, and include, the Second Currency Business Day following the Trade Date and (ii) the final Dividend Period will end on, but exclude, the final Cash Settlement Payment Date or Physical Settlement Date, as the case may be.

(b) **Second Period.** “Second Period” means, in respect of a Fund Derivative Transaction, each period from, but excluding, one Valuation Date to, and including, the next Valuation Date, except that (iii) the initial Dividend Period will commence on, but exclude, the Trade Date and (iv) the final Dividend Period will end on, and include, the final Valuation Date.

(c) **Hypothetical Investor Dividend Period.** “Hypothetical Investor Dividend Period” means, with respect to any Fund Interest Unit or other amount of Fund Interest and any Fund Derivative Transaction, the period from and including the Reference Fund Subscription Date relating to such Fund Interest Unit or such other amount of Fund Interest on which the Hypothetical Investor is deemed to have invested in the relevant Fund Interest Unit or other amount of Fund Interest, to but excluding the Redemption Valuation Date on which such Hypothetical Investor is deemed to cease its investment in such Fund Interest Unit or such other amount of Fund Interest, in each case pursuant to the terms of such Fund Derivative Transaction.

Section 10.4. Re-investment of Dividends. If “Re-investment of Dividends” is specified as applicable in the related Confirmation in respect of an Equity Amount Payer in relation to each relevant Dividend Payment Date, the Calculation Agent shall, for purposes of each subsequent Cash Settlement Payment Date, adjust the Equity Notional Amount relating to that Equity Amount Payer by adding to the Equity Notional Amount the Dividend Amount relating to that Equity Amount Payer and that Dividend Payment Date.

Section 10.5. Extraordinary Dividend. “Extraordinary Dividend” means an amount per relevant Fund Interest Unit or other amount of Fund Interest specified or otherwise determined as provided in the related Confirmation. If no Extraordinary Dividend is specified in or otherwise determined as provided in the related Confirmation, the characterization of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent.

Section 10.6. Excess Dividend Amount. “Excess Dividend Amount” means, in respect of a Dividend Period, the Record Amount, the Paid Amount or the Hypothetical Investor Paid Amount, as specified in the related Confirmation, or any other amount determined as provided in the related Confirmation.

(a) **Record Amount.** “Record Amount” means, in relation to an Excess Dividend Amount, 100% of the Extraordinary Dividend per relevant Fund Interest Unit or other amount of Fund Interest declared by the Reference Fund to holders of record of a such amount of such Fund Interest on any record date occurring during the relevant Dividend Period.

(b) **Paid Amount.** “Paid Amount” means, in relation to an Excess Dividend Amount, 100% of the Extraordinary Dividend per relevant Fund Interest Unit or other amount of Fund Interest paid by the Reference Fund during the relevant Dividend Period to holders of record of such amount of such Fund Interest.

(c) **Hypothetical Investor Paid Amount.** “Hypothetical Investor Paid Amount” means, in relation to an Excess Dividend Amount, 100% of the Extraordinary Dividend per relevant Fund Interest Unit or other amount of Fund Interest that would have been paid during the

relevant Dividend Period by the Reference Fund to the Hypothetical Investor, as determined by the Calculation Agent.

ARTICLE 11

ADJUSTMENTS AND MODIFICATIONS AFFECTING FUND INTERESTS AND TRANSACTIONS

Section 11.1. Adjustments to Fund Derivative Transactions.

(a) “**Method of Adjustment**” means, in respect of a Fund Derivative Transaction, a method for determining the appropriate adjustment to make to the terms of a Fund Derivative Transaction upon the occurrence of an event having, in the determination of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.

(b) If “Calculation Agent Adjustment” is specified as the Method of Adjustment in the related Confirmation of a Fund Derivative Transaction (or if no Method of Adjustment is specified in the related Confirmation for such Fund Derivative Transaction), then following the declaration by the Reference Fund of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest and, if so, will (i) make the corresponding adjustment(s), if any, to any one or more of:

(A) in respect of a Fund Interest Option Transaction or a Fund Interest Basket Option Transaction, the Strike Price, the Number of Options, the Option Entitlement, the Knock-in Price, the Knock-out Price, and the relevant Number of Units;

(B) in respect of a Fund Interest Forward Transaction or a Fund Interest Basket Forward Transaction, the Forward Price, the Forward Floor Price, the Forward Cap Price, the Knock-in Price, the Knock-out Price, and the relevant Number of Units;

(C) in respect of a Fund Interest Swap Transaction or a Fund Interest Basket Swap Transaction, the Initial Price, the Equity Notional Amount, the Knock-in Price, the Knock-out Price, and the relevant Number of Units;

and, in any case, any other variable relevant to the exercise, settlement, payment or other terms of that Fund Derivative Transaction as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest Unit or amount of Fund Interest) and (ii) determine the effective date(s) of the adjustment(s).

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

(i) a subdivision, consolidation or reclassification of the relevant number of Fund Interest Units or amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalization or similar issue;

(ii) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(iii) an Extraordinary Dividend;

(iv) a repurchase by the Reference Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the Fund Documents; or

(v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.

Section 11.2. Correction of Fund Interest Prices. In the event that (i) any price published by or on behalf of a Reference Fund with respect to any Fund Interest to which Reported Value Method is applicable and which is utilized for any calculation or determination made under a Fund Derivative Transaction is subsequently corrected and the correction is published by the Reference Fund within one Settlement Cycle after the original publication, or (ii) a Reference Fund with respect to any Fund Interest to which Deemed Payout Method is applicable adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Unit or amount of Fund Interest that is subject to valuation, and such adjustment would be reflected in either an additional payment to such Hypothetical Investor, or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor, in each case no later than by the last day of the Cut-off Period starting on the Final Observation Date, then either party may notify the other party of that correction and the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Fund Derivative Transaction to account for such correction.

ARTICLE 12

EXTRAORDINARY EVENTS

Section 12.1. General Provisions Relating to Extraordinary Events.

(a) “**Extraordinary Event**” means, with respect to a Fund Derivative Transaction, a Nationalization, Insolvency or any applicable Extraordinary Fund Event, as the case may be.

(b) “**Nationalization**” means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

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

(d) Either party will, upon becoming aware of the occurrence of a Nationalization or Insolvency, promptly notify the other party of such event.

(e) For the purpose of determining the consequence of any Nationalization or Insolvency:

(i) “**Negotiated Close-out**” means that the parties may, but are not obliged to, terminate the Fund Derivative Transaction on mutually acceptable terms and if the parties do not agree to terminate the Fund Derivative Transaction, then it continues on the terms and subject to the conditions then in effect, provided, that any Physically-settled Fund Derivative Transaction will, at the election of either party, become a Fund Derivative Transaction to which Cash Settlement is applicable, except that if a Scheduled Valuation Date is a Disrupted Day, the Calculation Agent will ignore the provisions of Section 6.6 relating to Disrupted Days and will instead determine its good faith estimate of the Settlement Price or Final Price as of the Valuation Time on that Valuation Date;

(ii) “**Cancellation and Payment**” means that the Fund Derivative Transaction will be cancelled as of the Announcement Date and (A) in the case of a Fund Option Transaction, Seller will pay to Buyer the amount calculated in accordance with Section 12.4(b), and (B) in the case of a Fund Forward Transaction or a Fund Swap Transaction, an amount calculated in accordance with Section 12.4(c) will be paid by one party to the other; and

(iii) “**Partial Cancellation and Payment**” means that in respect of a Fund Interest Basket Transaction, that portion of the Fund Interest Basket Transaction represented by Affected Fund Interests will be cancelled as of the Announcement Date, the amount calculated in accordance with Section 12.4 in respect of such Affected Fund Interests, will be paid by one party to the other, the remainder of the Fund Interest Basket Transaction will continue with the Basket comprising Fund Interests that are not Affected Fund Interests, and the Calculation Agent will adjust any relevant terms if necessary to preserve as nearly as practicable the economic terms of the Fund Derivative Transaction for the remaining Fund Interests.

Section 12.2. Extraordinary Fund Events. Each of the following events for which an applicable consequence has been specified in the related Confirmation shall constitute an “Extraordinary Fund Event”:

(a) “**Fund Insolvency Event**” means, in respect of any Fund Interest, that the related Reference Fund or any other entity specified in the related Confirmation as a “Fund Insolvency Entity” (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of

insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (vi) above;

(b) “**NAV Trigger Event**” means, in respect of any Fund Interest, that (i) the Reported Fund Interest Value has decreased by an amount equal to, or greater than, the NAV Trigger Percentage(s) during the related NAV Trigger Period, each as specified in the related Confirmation; or (ii) the related Reference Fund has violated any leverage restriction that is applicable to, or affecting, such Reference Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Reference Fund or any of its assets;

(c) “**Adviser Resignation Event**” means, in respect of any Reference Fund, (i) the resignation, termination, or replacement of its Fund Adviser or (ii) the resignation, termination, death or replacement of any key person specified in the related Confirmation;

(d) “**Fund Modification**” means any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Determining Party) from those prevailing on the date on which any Fund Interest issued by such Reference Fund was first included in the relevant Fund Derivative Transaction;

(e) “**Strategy Breach**” means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents that is reasonably likely to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Determining Party);

(f) “**Fund Hedging Disruption**” means, with respect to a Fund Derivative Transaction, that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Derivative Transaction, or (ii) realize, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant

Reference Fund on any investor's ability to redeem such Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Reference Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included in such Fund Derivative Transaction);

(g) “**Regulatory Action**” means, with respect to any Fund Interest, (i) cancellation, suspension or revocation of the registration or approval of such Fund Interest or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Reference Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or on any investor therein (as determined by the Determining Party), or (iii) the related Reference Fund or any of its Fund Administrator or Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund, Fund Administrator or Fund Adviser;

(h) “**Reporting Disruption**” means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, in the determination of the Determining Party, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest, and such event continues for at least the time period specified in the related Confirmation or, if no such time period is specified, the foreseeable future; (ii) any failure of the related Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Determining Party or the Calculation Agent, as applicable, or (B) information that has been previously delivered to the Determining Party or the Calculation Agent, as applicable, in accordance with such Reference Fund's, or its authorized representative's, normal practice and that the Determining Party deems necessary for it or the Calculation Agent, as applicable, to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests;

(i) “**Change in Law**” means that, on or after the Trade Date of any Fund Derivative Transaction (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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), a party to such Fund Derivative Transaction determines in good faith that (A) it has become illegal to hold, acquire or dispose of Fund Interests relating to such Fund Derivative Transaction, or (B) it will incur a materially increased cost in performing its obligations under such Fund Derivative Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

(j) “**Increased Cost of Hedging**” means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of entering into and performing its obligations with respect to the relevant Fund Derivative Transaction, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased

amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Cost of Hedging; and

(k) “**Additional Extraordinary Fund Event**” means any additional event specified in the related Confirmation.

Section 12.3. Consequences of Extraordinary Events.

(a) If, following an Extraordinary Event for which a consequence is specified in the related Confirmation, the Determining Party provides written notice thereof to the other party (an “Extraordinary Fund Event Notice”), then the consequence specified with respect to such Extraordinary Event shall be triggered.

(b) The Determining Party shall not have any obligation to monitor for the occurrence of an Extraordinary Event nor shall it have any obligation to provide any Extraordinary Fund Event Notice (as defined below) following the occurrence of such an Extraordinary Event.

(c) If more than one applicable Extraordinary Fund Event has occurred, the Determining Party may elect which Extraordinary Fund Event to specify in any Extraordinary Fund Event Notice and thereby which applicable consequence to trigger.

(d) Unless otherwise specified in the related Confirmation, upon triggering any consequence for an Extraordinary Event, the mechanics for determining and calculating the valuation of and payments or deliveries under the Fund Derivative Transaction in relation to any Affected Fund Interest, as described in Articles 3, 4, 5, 6, 7, 8, 9 and 10, shall be suspended until completion of, and may be superceded by, such consequence.

(e) For the purpose of determining the consequence of an Extraordinary Event, unless otherwise specified in these Definitions or the related Confirmation:

(i) “**Cancellation and Payment**” means that the Fund Derivative Transaction will be cancelled as of the date set forth in the Extraordinary Fund Event Notice (which shall not be earlier than the date on which such notice is delivered nor later than the Redemption Valuation Date that would result from a Hypothetical Investor submitting a valid notice for redemption for each Fund Interest to the related Reference Fund on the Fund Business Day next following the date of delivery of the relevant Extraordinary Fund Event Notice) and (A) in the case of a Fund Option Transaction, Seller will pay to Buyer the amount calculated in accordance with Section 12.4(b), and (B) in the case of a Fund Forward Transaction or a Fund Swap Transaction, an amount calculated in accordance with Section 12.4(c) will be paid by one party to the other; and

(ii) “**Partial Cancellation and Payment**” means that in respect of a Fund Interest Basket Transaction, that portion of the Fund Interest Basket Transaction represented by Affected Fund Interests will be cancelled as of the date set forth in the Extraordinary Fund Event Notice (which shall not be earlier than the date on which such notice is delivered, nor later than the Redemption Valuation Date that would result from a Hypothetical Investor submitting a valid notice for redemption of each such Affected Fund Interest to the related Reference Fund on the Fund Business Day next following the date of delivery of the relevant Extraordinary Fund Event Notice), the amount calculated in accordance with Section 12.4 in respect of such Affected Fund Interests, will be paid

by one party to the other, the remainder of the Fund Interest Basket Transaction will continue with the Basket comprising Fund Interests that are not Affected Fund Interests, and the Calculation Agent will adjust any relevant terms if necessary to preserve as nearly as practicable the economic terms of the Fund Derivative Transaction for the remaining Fund Interests.

(iii) “**Fund Interest Replacement**” means that the Hedging Party will substitute any Affected Fund Interest with the Successor Fund Interest relating to such Affected Fund Interest, *provided* that if no Successor Fund Interest has been identified in the manner set forth below within five Currency Business Days of delivery of the Extraordinary Fund Event Notice, then “Partial Cancellation and Payment” shall apply with respect to such Affected Fund Interest.

(A) “**Successor Fund Interest**” with respect to any Affected Fund Interest means the Fund Interest specified as such in the related Confirmation or, if the Confirmation does not specify any Successor Fund Interest relating to such Affected Fund Interest, then the Hedging Party will use commercially reasonable efforts to identify a Successor Fund Interest with characteristics, investment objectives and policies similar to those in effect for the Affected Fund Interest immediately prior to the occurrence of the relevant Extraordinary Fund Event; and

(B) any substitution of the Successor Fund Interest for the Affected Fund Interest shall be effected at such time and in such manner as specified in the related Confirmation, or

(C) if the time and manner for substitution of the Successor Fund Interest is not specified in the related Confirmation then the Affected Fund Interest shall be replaced by a number of Fund Interest Units of the Successor Fund Interest with a combined value (as determined by the Calculation Agent) equal to the relevant Removal Value of the applicable number of Fund Interest Units of the Affected Fund. Such replacement shall be effected, from time to time whenever the Removal Value (as determined by the Calculation Agent) changes, on the date on which the Reference Fund issuing the Successor Fund Interest would admit a Hypothetical Investor who, on the Fund Business Day next following the date on which any Removal Value not previously applied toward any Successor Fund Interest would be received by such Hypothetical Investor redeeming out of the relevant amount of Affected Fund Interest, had submitted a valid order to purchase such amount of the Successor Fund Interest, and,

(D) if necessary, the Calculation Agent will adjust any relevant terms, including, but not limited to adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Fund Interests or the Fund Derivative Transaction.

(iv) “**Negotiated Replacement**” means that the parties shall use reasonable efforts to agree upon mutually acceptable Successor Fund Interests and the manner in and time at which such Successor Fund Interests shall replace the relevant Affected Fund Interests and any other relevant adjustments to the terms of the Fund Derivative Transaction. If the parties cannot agree on such replacement and adjustments within five

Currency Business Days of delivery of the Extraordinary Fund Event Notice, then “Partial Cancellation and Payment” shall apply with respect to the Affected Fund Interest and either party may elect to terminate the Fund Derivative Transaction.

(v) “**Calculation Agent Adjustment**” means that the Calculation Agent shall either (A)(1) make such adjustments to any variable relevant to the exercise, settlement, payment or other terms of the Fund Derivative Transaction as the Calculation Agent determines appropriate to account for the economic effect on the Fund Derivative Transaction of such Extraordinary Fund Event, and (2) determine the effective date of that adjustment, or (B) if the Calculation Agent determines that no adjustment that it could make under (A) would produce a commercially reasonable result, notify the parties that the relevant consequence shall be the termination of the portion of the Fund Derivative Transaction relating to the Affected Fund Interest, in which case (x) if the entire Fund Derivative Transaction relates to Affected Fund Interests, “Cancellation and Payment” will be deemed to apply and any payment to be made by one party to the other shall be calculated in accordance with Section 12.3(e)(i), and (y) if less than the entire Fund Derivative Transaction relates to Affected Fund Interests, “Partial Cancellation and Payment” will be deemed to apply and any payment to be made by one party to the other shall be calculated in accordance with Section 12.3(e)(ii) with respect to all the Affected Fund Interests under the Fund Derivative Transaction.

(vi) “**Delayed Settlement**” means that any settlement calculation shall be determined in the same manner as the Removal Value, provided that, (A) Deemed Payout Method shall be deemed to apply for the purpose of such calculation, and (B) the Final Observation Date for the determination of the Redemption Value shall be the last day of the Cut-Off Period that starts on the date of the Extraordinary Fund Event Notice.

(vii) If “**Increased Cost of Hedging**” is specified in the related Confirmation to be applicable to a Fund Derivative Transaction, but no other consequence is specified for such event, then upon the occurrence of such an event the Hedging Party will give prompt notice to the Non-Hedging Party that such increased costs have been incurred and that a Price Adjustment will be made to the Fund Derivative Transaction. The Non-Hedging Party shall, within two Currency Business Days of receipt of the notice of Increased Cost of Hedging and corresponding Price Adjustment, notify the Hedging Party that it elects to (A) agree to amend the relevant Fund Derivative Transaction to take into account the Price Adjustment, (B) pay the Hedging Party an amount determined by the Calculation Agent that corresponds to the Price Adjustment or (C) terminate the Fund Derivative Transaction as of that second Currency Business Day. If such notice is not given by the end of that second Currency Business Day, then the Hedging Party may give notice that it elects to terminate the Fund Derivative Transaction, specifying the date of such termination, which may be the same day that the notice of termination is effective. If either party elects to terminate the Fund Derivative Transaction, the Determining Party will determine the Cancellation Amount payable by one party to the other.

(viii) If “**Change in Law**” is specified in the related Confirmation to be applicable to a Fund Derivative Transaction, but no other consequence is specified for such event, then upon the occurrence of such an event either party may elect to terminate the Fund Derivative Transaction upon at least two Currency Business Days’ notice to the other party specifying the date of such termination (or such lesser notice as may be required to comply with the Change in Law), in which event the Fund Derivative

Transaction will terminate and the Determining Party will determine the Cancellation Amount payable by one party to the other.

(f) The following definitions apply to this Article 12, unless otherwise specified in the related Confirmation,

(i) “**Affected Fund Interest**” means each Fund Interest subject to an applicable Extraordinary Event;

(ii) “**Announcement Date**” means, (A) in the case of a Nationalization, the date of the first public announcement to nationalize (whether or not subsequently amended) that leads to the Nationalization, and (B) in the case of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, or if such announcement is made after the close of business on a Local Business Day or on a day that is not a Local Business Day, the Announcement Date shall be deemed to be the next following Local Business Day;

(iii) “**Hedging Party**” means the party specified in the related Confirmation as the Hedging Party or, if no Hedging Party is specified, either party to the Fund Derivative Transaction;

(iv) “**Non-Hedging Party**” means the party that is not the Hedging Party;

(v) “**Price Adjustment**” means an adjustment to the Strike Price, Initial Price, Forward Price, Forward Floor Price, Forward Cap Price, Knock-in Price, Knock-out Price, spread or other variable with respect to the relevant Fund Derivative Transaction; and

(vi) “**Removal Value**” means, with respect to any Affected Fund Interest, the value calculated by the Determining Party in the same manner as would be used in determining the Settlement Price of such Fund Interest, but assuming for purposes of such calculation that the Valuation Date, subject to the provisions of Section 6.6, is the Scheduled Redemption Payment Date that would result from an order to redeem such Affected Fund Interest having been submitted to the related Reference Fund on the Fund Business Day next following delivery of the relevant Extraordinary Fund Event Notice.

Section 12.4. Payment upon Certain Extraordinary Events.

(a) If, in respect of an Extraordinary Event, “Cancellation and Payment” or “Partial Cancellation and Payment” applies or is deemed to apply to the relevant Fund Derivative Transaction (or a portion thereof), then an amount will be paid by one party to the other determined as provided in clause (b) or (c) below, such payment to be made not later than three Currency Business Days following the date that notice of the determination by the Calculation Agent or the Determining Party, as the case may be, of such amount (denominated in the currency for settlement of the Fund Derivative Transaction as determined by the Calculation Agent or the Determining Party, as the case may be) and which party shall pay such amount is effective, which notice shall be provided promptly following such determination.

(b) In respect of a Fund Option Transaction, the amount to be paid by Seller to Buyer will be as agreed promptly (and in any event within five Currency Business Days) by the parties

after the date of occurrence of any applicable Extraordinary Event (each such date, the “Closing Date”). If the parties are unable to agree on the amount, then the amount will be determined by the Calculation Agent, which determination may, but need not, be based on the factors and adjustments as set forth in Section 12.7(b)(i) of the 2002 Definitions (for this purpose Fund Interests being deemed to be Shares) and Section 12.5(c) of these Definitions, and the Calculation Agent may, but need not, postpone determination of the amount to be paid until such date or dates, following the date that the Fund Derivative Transaction terminated or cancelled, as would be commercially reasonable, including, without limitation, until the Removal Value (determined as if Deemed Payout Method applies with respect to each Fund Interest underlying the Fund Derivative Transaction) can be reasonably ascertained (or until it is commercially reasonable to conclude that no Redemption Proceeds relevant to the Fund Derivative Transaction would be paid).

(c) For any Fund Forward Transaction or Fund Swap Transaction, such Fund Derivative Transaction shall be cancelled and the relevant party or parties (as specified below) shall determine the Cancellation Amount in respect of such cancelled Fund Derivative Transaction.

(i) In respect of a cancelled Fund Derivative Transaction where there is one Determining Party, the Determining Party will calculate the Cancellation Amount and will determine which party will pay such amount.

(ii) In respect of a cancelled Fund Derivative Transaction where there are two Determining Parties, each party will calculate a Cancellation Amount and an amount will be payable equal to one-half of the difference between the Cancellation Amount of the party with the higher Cancellation Amount (“X”) and the Cancellation Amount of the party with the lower Cancellation Amount (“Y”) and Y shall pay it to X.

Section 12.5. Cancellation Amount.

(a) “**Cancellation Amount**” means, with respect to a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realized under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (i) the material terms of the relevant Fund Derivative Transaction, including the payments and deliveries by the parties under the ISDA Master Agreement in respect of the relevant Fund Derivative Transaction that would, but for the occurrence of the Extraordinary Event, have been required on or after the date that the Fund Derivative Transaction is, or is deemed to have been, terminated or cancelled (assuming satisfaction of any applicable conditions precedent in the ISDA Master Agreement) and (ii) the option rights of the parties in respect of the relevant Fund Derivative Transaction.

(b) Any Cancellation Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. Each Cancellation Amount will be determined as of the date that the Fund Derivative Transaction terminated or cancelled or, if that would not be commercially reasonable, as of the date or dates following the date that the Fund Derivative Transaction terminated or cancelled as would be commercially reasonable, including, without limitation, as of such day on which the Removal Value can be determined.

(c) In determining a Cancellation Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information:

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the current creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market;

(iii) the Removal Value, if appropriate, determined as if Deemed Payout Method has been elected with respect to the Affected Fund Interest; or

(iv) information of the types described in (i) or (ii) above from internal sources (including any Affiliates of the Determining Party) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

(d) The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to Section 12.5(c)(i) above; relevant market data pursuant to Section 12.5(c)(ii) above; or the Removal Value pursuant to Section 12.5(c)(iii) above unless the Determining Party reasonably believes in good faith that such quotations, relevant market data or Removal Value information are not readily available or would produce a result that would not satisfy those standards. When considering information described in Section 12.5(c)(i), (c)(ii), (c)(iii) or (c)(iv) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilized. Third parties supplying quotations pursuant to Section 12.5(c)(i) above or market data pursuant to Section 12.5(c)(ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

(e) Without duplication of amounts calculated based on information described in Section 12.5(c)(i), 12.5(c)(ii), 12.5(c)(iii) or 12.5(c)(iv) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Cancellation Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to such Fund Derivative Transaction (or any gain resulting from any of them).

(f) “**Determining Party**” means the party or parties specified as such in the related Confirmation.

(g) Commercially reasonable procedures used in determining a Cancellation Amount may include the following:

(i) application to relevant market data from third parties pursuant to Section 12.5(c)(ii) above or information from internal sources pursuant to Section 12.5(c)(iv)

above of pricing or other valuation models that are, at the time of the determination of the Cancellation Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the relevant Fund Derivative Transaction;

(ii) application of different valuation methods to the relevant Fund Derivative Transaction depending on the type, complexity or size of the relevant Fund Derivative Transaction; and

(iii) delaying determination of the Cancellation Amount until the Removal Value (determined as if the Deemed Payout Method applies to the Affected Fund Interest) can be reasonably ascertained (or until it is commercially reasonable to conclude that no Redemption Proceeds relevant to the Fund Derivative Transaction would be paid).

ARTICLE 13

MISCELLANEOUS

Section 13.1. Non-Reliance. If “Non-Reliance” is specified as applicable in the related Confirmation, then unless agreed to the contrary expressly and in writing in the related Confirmation for a Fund Derivative Transaction and notwithstanding any communication that each party (and/or its Affiliates) may have had with the other party, each party to a Fund Derivative Transaction represents to the other party that: (a) it is entering into such Fund Derivative Transaction as principal (and not as agent or in any other capacity); (b) neither the other party nor any of its Affiliates or agents are acting as a fiduciary for it; (c) it is not relying upon any representations except those expressly set forth herein or in the ISDA Master Agreement (including the related Confirmations between them); (d) it has consulted with its own legal, regulatory, tax, business, investments, financial, and accounting advisors to the extent that it has deemed necessary, and it has made its own investments, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party or any of its Affiliates or agents; and (e) it is entering into such Fund Derivative Transaction with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks.

Section 13.2. Agreements and Acknowledgments Regarding Hedging Activities.

(a) If “Agreements and Acknowledgments Regarding Hedging Activities” is specified as applicable in the related Confirmation, then unless agreed to the contrary expressly and in writing in the related Confirmation for a Fund Derivative Transaction and notwithstanding any communication that each party (and/or its Affiliates) may have had with the other party, each party to a Fund Derivative Transaction agrees and acknowledges that (i) when entering into, or continuing to maintain, such Fund Derivative Transaction, neither party is relying on (A) the manner or method in which the other party or any of its Affiliates may establish, maintain, adjust or unwind its Hedge Positions, (B) any communication, whether written or oral, between the parties or any of their respective Affiliates with respect to any Hedging Activities of the other party or any of its Affiliates, or (C) any representation, warranty or statement being made by such party or any of its Affiliates as to whether, when, how or in what manner or method such party or any of its Affiliates may engage in any Hedging Activities and that (ii) (A) each party and its Affiliates may, but are not obliged to, hedge any Fund Derivative Transaction on a dynamic, static or portfolio basis, by holding a corresponding position in the securities or indices

referenced by or underlying such Fund Derivative Transaction or in any other securities or indices or by entering into any Hedge Position; (B) any Hedge Position established by either party or any of its Affiliates is a proprietary trading position and activity of such party or such Affiliate; (C) each party or such Affiliate is not holding the Hedge Positions or engaging in the Hedging Activities on behalf or for the account of or as agent or fiduciary for the other party, and the other party will not have any direct economic, legal or other interest in, or beneficial ownership of, the Hedge Positions or Hedging Activities; and (D) the decision to engage in Hedging Activities is in the sole discretion of each party, and each party and its Affiliates may commence or, once commenced, suspend or cease the Hedging Activities at any time as it may solely determine.

(b) “**Hedge Positions**” means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in Fund Interests securities, options, futures, derivatives or foreign exchange, (ii) securities lending transactions or (iii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, a Fund Derivative Transaction.

(c) “**Hedging Activities**” means any activities or transactions undertaken in connection with the establishment, maintenance, adjustment or termination of a Hedge Position.

Section 13.3. Additional Acknowledgments. If “Additional Acknowledgments” is specified as applicable in the related Confirmation, then unless agreed to the contrary expressly and in writing in the related Confirmation for a Fund Derivative Transaction and notwithstanding any communication that each party (and/or its Affiliates) may have had with the other party, each party to a Fund Derivative Transaction acknowledges that:

(a) neither the other party nor its Affiliates provides investment, tax, accounting, legal or other advice in respect of such Fund Derivative Transaction;

(b) it has been given the opportunity to obtain information from the other party concerning the terms and conditions of such Fund Derivative Transaction necessary in order for it to evaluate the merits and risks of the Fund Derivative Transaction. Notwithstanding the foregoing, it and its advisors are not relying on any communication (written or oral and including, without limitation, opinions of third party advisors) of the other party or its Affiliates as (i) legal, regulatory, tax, business, investments, financial, accounting or other advice, (ii) a recommendation to enter into such Fund Derivative Transaction or (iii) an assurance or guarantee as to the expected results of such Fund Derivative Transaction; it being understood that information and explanations related to the terms and conditions of such Fund Derivative Transaction are made incidental to the other party’s business and shall not be considered (A) legal, regulatory, tax, business, investments, financial, accounting or other advice, (B) a recommendation to enter into such Fund Derivative Transaction or (C) an assurance or guarantee as to the expected results of the Fund Derivative Transaction. Any such communication should not be the basis on which the recipient has entered into such Fund Derivative Transaction, and should be independently confirmed by the recipient and its advisors prior to entering into the Fund Derivative Transaction; and

(c) the other party and/or its Affiliates may have banking or other commercial relationships with the Reference Fund relating to the Fund Interests underlying such Fund Derivative Transaction or any Fund Adviser, Fund Administrator or any other Fund Service Provider and may engage in proprietary trading in the Fund Interests, or any securities or other assets underlying such Fund Interests (as applicable) or options, futures, derivatives or other instruments relating to the Fund Interests or the underlying assets and securities (as applicable)

(including such trading as such party and/or its Affiliates deem appropriate in their sole discretion to hedge their market risk on such Fund Derivative Transaction and other transactions relating to the Fund Interests between each party and/or its Affiliates and the other party or with third parties), and that such trading may affect the price of the Fund Interests and consequently the amounts payable or deliverable under such Fund Derivative Transaction. Such trading may be effected at any time, including on or near the Valuation Date(s).

Section 13.4. Additional Fund Representations and Agreements of the Parties. If “Additional Fund Representations” is specified as applicable in the related Confirmation, then notwithstanding any communication that each party (and/or its Affiliates) may have had with the other party, each party to a Fund Derivative Transaction acknowledges and represents to, and agrees with, the other party that:

(a) it has been given an opportunity, directly or indirectly, to obtain Fund Documents and other information relating to the relevant Reference Fund and Fund Interests from the Reference Fund or the other party, and it has read and understands such Fund Documents and other information that it deems necessary in connection with this Fund Derivative Transaction, and it is fully aware of all material details relating to each of the Fund Interests and the relevant Reference Funds, including, among others, their investment objective and investment process, investment guidelines, risk factors, conflicts of interest, tax considerations, sales restrictions and general information, as more fully described in such Fund Documents or information.

(b) it acknowledges that neither the other party nor any Affiliate of the other party has made, nor will make, any representation whatsoever with respect to any Reference Fund or Fund Interest on which it is relying or is entitled to rely in respect of the relevant Fund Derivative Transaction.

(c) So long as either party has or may have any obligation under such Fund Derivative Transaction:

(i) such Fund Derivative Transaction does not create any rights or impose any obligations in respect of any entity that is not a party to such Fund Derivative Transaction;

(ii) each party and its Affiliates and the Calculation Agent may deal in each Fund Interest, Reference Fund or any other interest issued by or relating to such Reference Fund or Fund Interest and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Fund, any Affiliate of a Reference Fund or any other person or entity having obligations relating to a Reference Fund, and may act with respect to such business in the same manner as each of them would if such Fund Derivative Transaction did not exist, regardless of whether any such action might have an adverse effect on a Reference Fund, Fund Interest or the position of the other party to such Fund Derivative Transaction or otherwise (including, without limitation, any action which might constitute or give rise to an Extraordinary Fund Event); and

(iii) each party and its Affiliates and the Calculation Agent may, whether by virtue of the types of relationships described herein or otherwise, on the date on which the Fund Derivative Transaction is entered into or at any time thereafter, be in possession of information in relation to a Reference Fund or any Fund Interest that is or may be

material in the context of such Fund Derivative Transaction and that may or may not be publicly available or known to the other party, and such Fund Derivative Transaction does not create any obligation on the part of such party, its Affiliates or the Calculation Agent to disclose to the other party any such relationship or information (whether or not confidential).

INDEX OF TERMS

Term	Page
2002 Definitions	4
Additional Acknowledgments	45
Additional Extraordinary Fund Event	38
Additional Fund Documents	7
Additional Fund Representations	46
Adviser Resignation Event	36
Affected Fund Interest	41
Affiliate	7
Agreements and Acknowledgements Regarding Hedging Activities	44
American Option	15
Announcement Date	41
Automatic Exercise	18
Averaging Date	24
Averaging Date Disruption	25
Basket	5
Bermuda Option	15
Buyer	5
Calculation Agent	7
Calculation Agent Adjustment	40
Call	15
Cancellation Amount	42
Cancellation and Payment	38
Cash-settled	7
Cash Settlement	15
Cash Settlement Payment Date	30
Change in Law	37
Closing Date	42
Commencement Date	14
Confirmation	4
Currency Business Day	6
Cut-off Period	11
Deemed Payout Method	8
Default Settlement Method	26
Delayed Settlement	40
Determining Party	43
Disrupted Day	23
Dividend Amount	31
Dividend Payment Date	31
Dividend Period	31
Early Termination Date	7
EC Treaty	7
Electing Party	26
Equity Amount	30
Equity Amount Payer	20
Equity Amount Receiver	20
Equity Notional Amount	6

Equity Notional Reset	21
euro	6
Euro	6
European Option.....	15
Event of Default	7
Excess Dividend Amount.....	32
Exercise Date.....	17
Exercise Period.....	16
Expiration Date.....	17
Expiration Time.....	17
Extraordinary Dividend.....	32
Extraordinary Event	34
Extraordinary Fund Event	35
Extraordinary Fund Event Notice.....	38
Final Cut-off Date	11
Final Exchange Amount.....	20
Final Exchange Date	20
Final Observation Date.....	11
Final Price.....	21
First Period	31
Following Fund Valuation Date	9
Following Redemption Valuation Date.....	9
Forward Cap Price.....	19
Forward Cash Settlement Amount	28
Forward Floor Price.....	19
Forward Price	19
Fund Administrator	7
Fund Adviser	8
Fund Business Day.....	8
Fund Definitions.....	4
Fund Derivative Transaction	4
Fund Disruption Event	23
Fund Documents.....	7
Fund Forward Transaction	4
Fund Hedging Disruption.....	36
Fund Insolvency Entity	35
Fund Insolvency Event.....	35
Fund Interest.....	5
Fund Interest Basket Forward Transaction.....	4
Fund Interest Basket Option Transaction	4
Fund Interest Basket Swap Transaction	4
Fund Interest Basket Transaction	4
Fund Interest Forward Transaction	4
Fund Interest Option Transaction.....	4
Fund Interest Replacement.....	39
Fund Interest Swap Transaction	4
Fund Interest Transaction.....	4
Fund Interest Unit.....	5
Fund Modification.....	36
Fund Option Transaction.....	4
Fund Reporting Date	9

Fund Service Provider	7
Fund Settlement Disruption.....	23
Fund Swap Transaction	4
Fund Valuation Date	9
Fund Valuation Disruption.....	23
gross cash dividend	31
Hedge Positions.....	45
Hedging Activities.....	45
Hedging Party.....	41
Hypothetical Investor	8
Hypothetical Investor Dividend Period.....	32
Hypothetical Investor Jurisdiction.....	8
Hypothetical Investor Paid Amount	32
Increased Cost of Hedging	37
Initial Exchange Amount.....	20
Initial Exchange Date	20
Initial Observation Date	11
Initial Price	21
Insolvency	35
Integral Multiple.....	18
In-the-Money.....	19
ISDA Master Agreement.....	7
Knock-in Determination Day	13
Knock-in Event.....	12
Knock-in Price.....	11
Knock-in Reference Fund Interest.....	13
Knock-in Valuation Time.....	14
Knock-out Determination Day	13
Knock-out Event.....	12
Knock-out Price.....	12
Knock-out Reference Fund Interest.....	13
Knock-out Valuation Time.....	14
Last Reported Value	9
Latest Exercise Time	17
Local Business Day	7
Maximum Number of Options	18
Method of Adjustment.....	33
Minimum Number of Options	18
Modified Postponement	25
Multiple Exercise	18
Multiplier.....	6
Nationalization	34
NAV Trigger Event.....	36
Negotiated Close-out.....	35
Negotiated Replacement.....	39
Net of Fees.....	20
Non-Hedging Party.....	41
Non-Reliance.....	44
Notional Amount.....	6
Number of Baskets	5
Number of Baskets to be Delivered.....	29

Number of Options.....	14
Number of Shares.....	5
Number of Units.....	5
Number of Units to be Delivered.....	29
Omission.....	25
Option.....	15
Option Cash Settlement Amount.....	27
Option Entitlement.....	15
OTC.....	4
Paid Amount.....	32
Partial Cancellation and Payment.....	38
Physical Settlement.....	15
Physical Settlement Date.....	30
Physically-settled.....	7
Postponement.....	25
Potential Adjustment Event.....	33
Potential Exercise Date.....	17
Premium.....	16
Premium Payment Date.....	16
Prepayment.....	19
Prepayment Amount.....	20
Prepayment Date.....	20
Price Adjustment.....	41
Price Return.....	29
Prior Fund Valuation Date.....	9
Prior Redemption Valuation Date.....	9
Put.....	16
Rate of Return.....	20
Record Amount.....	32
Redemption Fees.....	27
Redemption Notice Date.....	10
Redemption Payment Date.....	10
Redemption Proceeds.....	10
Redemption Valuation Date.....	10
Reference Fund.....	5
Reference Fund Subscription Date.....	11
Reference Price.....	19
Regulatory Action.....	37
Re-investment of Dividends.....	32
Relevant Price.....	6
Removal Value.....	41
Reported Fund Interest Value.....	9
Reported Value Convention.....	9
Reported Value Method.....	8
Reporting Disruption.....	37
Scheduled Fund Valuation Date.....	8
Scheduled Redemption Payment Date.....	10
Scheduled Redemption Valuation Date.....	10
Scheduled Valuation Date.....	23
Second Period.....	32
Seller.....	5

Seller’s Agent	16
Settlement Currency	6
Settlement Cycle.....	7
Settlement Method Election	26
Settlement Method Election Date.....	26
Settlement Price.....	26
Strategy Breach	36
Strike Price	15
Strike Price Differential.....	27
Subscription Notice Date.....	11
Successor Fund Interest.....	39
Total Return.....	30
Trade Date	5
Type of Return.....	30
Valid Date.....	25
Valuation Date.....	22
Valuation Time.....	22
Variable Obligation	28

