

CLIFFORD CHANCE  
LIMITED LIABILITY PARTNERSHIP

SCXP/C1458/04790/HNM

16 February 2000

The Bond Market Association  
40 Broad Street  
New York  
NY 10004-2373  
USA

Dear Sirs

**Cross-Product Master Agreement**

1. **INTRODUCTION**

We have been asked, as legal advisors to The Bond Market Association ("**TBMA**"), to deliver this opinion in respect of the laws of England and Wales (this "**Jurisdiction**") as to the validity of the netting provisions of the Cross-Product Master Agreement published by TBMA and other Publishing Associations.

For the purposes of giving this opinion, we have examined the form published on 16 February 2000 of an agreement entitled the Cross-Product Master Agreement, including Parts I to VI of the Schedule thereto but, subject as mentioned in paragraph 3.1.8, excluding Parts VII to IX, (the "**Master Agreement**") between the parties thereto providing a basis for closing out Principal Agreements and netting sums payable thereunder (a copy of which is attached to this opinion).

- 1.1 In this opinion references to a "paragraph" are to a paragraph of this opinion and references to a "Section" are to a section of the Master Agreement.

When used in this opinion, unless otherwise defined herein, terms defined in the Master Agreement shall have the same meaning as defined therein.

References to the Principal Agreements shall include references to any transactions thereunder, unless the contrary is stated.

2. **ASSUMPTIONS**

In rendering this opinion, we have assumed that:

- (a) the Master Agreement and all Principal Agreements entered into between the Parties are within each Party's capacity and authority and all steps necessary for each Party to authorise, execute and perform the Master Agreement and the Principal Agreements have been duly taken;

- (b) each Party has duly executed and properly completed the Master Agreement and all documentation relating to any Principal Agreement and has obtained, complied with the terms of and maintained, all authorisations, approvals, licences and consents required to enable it lawfully (i) to enter into and perform its obligations under the Master Agreement and all Principal Agreements, (ii) to ensure the legality, validity and enforceability of the Master Agreement and all Principal Agreements and (iii) to ensure the admissibility in evidence in this Jurisdiction of the Master Agreement and the Principal Agreements;
- (c) each Party duly performs its obligations under the Master Agreement and each Principal Agreement in accordance with their terms;
- (d) when governed by a law other than the laws of this Jurisdiction, the Master Agreement is valid and legally binding in accordance with its terms under the laws of such other jurisdiction and the choice of governing law contained in the Master Agreement is recognised by the laws of such other jurisdiction, and when governed by the laws of this Jurisdiction the provisions of the Master Agreement other than those on which we opine below are valid and legally binding in accordance with their terms (this latter being a matter on which we opine in our opinion of even date addressed to TBMA in relation to the Master Agreement);
- (e) the Principal Agreements and any contractual or proprietary arrangements or rights thereunder are effectively amended by, and become subject to, the Master Agreement and are, as amended by the Master Agreement, valid and legally binding and each is capable of being terminated and liquidated in the manner envisaged by the Master Agreement;
- (f) the Master Agreement is entered into prior to the formal commencement of any Insolvency Proceedings (as defined below) against either Party and, at the time at which the Master Agreement or any Principal Agreement (including any transactions thereunder) is entered into, neither Party has actual notice of the insolvency of the other Party;
- (g) all obligations under the Master Agreement (including under all Principal Agreements covered by the Master Agreement) are mutual between the Parties in the sense that there are only two parties, each is personally and solely liable as regards obligations owed by it and sole and beneficial owner of obligations owed to it and no third party has any right or interest in any such obligations;
- (h) the contractual arrangements and obligations established pursuant to and by the Master Agreement and the Principal Agreements are not capable of being avoided for any reason other than those mentioned in paragraphs 4.1.1, 4.1.2 and 4.1.5 below;
- (i) all Settlement Amounts falling to be determined under the Principal Agreements are duly determined in accordance with the provisions of the relevant Principal Agreement;

- (j) the Parties to the Master Agreement are companies (including banks but excluding insurance companies) which are: (i) incorporated and registered under the laws of this Jurisdiction; or (ii) incorporated or organised under the laws of another jurisdiction (excluding Scotland);

For these purposes, a reference to a "**bank**" is a reference to an authorised institution within the meaning of the Banking Act 1987; a reference to a "**company**" is a reference to a company within the meaning of section 735 of the Companies Act 1985; and a reference to an "**insurance company**" is a reference to an insurance company within the meaning of the Insurance Companies Act 1982; and

- (k) the Master Agreement and the Principal Agreements are not "market contracts" within the meaning in Section 155 of the Companies Act 1989 or "transfer orders" within the Financial Markets and Insolvency (Settlement Finality) Regulations 1999. If they were to be market contracts or transfer orders, a different insolvency regime from that prescribed by the Insolvency Proceedings referred to below could apply, and in this opinion we do not consider what the position would be if that were to be the case. In broad terms, a "market contract" is a contract made on, subject to the rules of, or by a person who in making such contract was, in respect of that contract, subject to the rules of a recognised investment exchange or recognised clearing house, and a "transfer order" constitutes an unequivocal instruction authorising the transfer of securities or a payment.

### 3. **OPINION**

This opinion relates solely to matters of the laws of this Jurisdiction as in force and as interpreted as at the date hereof. This opinion does not consider the impact of any laws (including insolvency laws) other than of the laws of this Jurisdiction, even in the case where, under the laws of this Jurisdiction, the law of any other jurisdiction falls to be applied. This opinion is based upon the express words of the Master Agreement, as they would be interpreted under the laws of this Jurisdiction and takes no account of how such words would be interpreted under, or the effect of, any other laws which may govern the Master Agreement or any Principal Agreement. We do not express any opinion as to any matters of fact or as to any competition law aspects raised by virtue of the publication of the Master Agreement by the TBMA. We have not considered and do not express any opinion on:

- (i) any provision of the Master Agreement which is not in Sections 1 to 9 of the Master Agreement or, subject as mentioned in paragraph 3.1.8, in Parts I to VI of the Schedule thereto; or
- (ii) the Principal Agreements, including any transactions thereunder.

On the basis of the foregoing, and subject to the reservations set out below, we are of the following opinion:

#### 3.1 **Validity of the Termination and Netting Provisions of the Master Agreement**

- 3.1.1 The central provisions of the Master Agreement providing for netting are in Section 4.
- 3.1.2 The termination provisions contained in Section 2 (which provide for termination of all outstanding Principal Agreements upon the occurrence of a Close-Out Event) would be enforceable under the laws of this Jurisdiction, in respect of a party incorporated in this Jurisdiction or a party incorporated outside this Jurisdiction (excluding Scotland).
- 3.1.3 The provisions relating to the calculation and determination of the Settlement Amounts and Final Net Settlement Amount set out in Sections 3.1 and 4.4 respectively would be effective under the laws of this Jurisdiction.
- 3.1.4 The provisions of Section 3.2 providing that any Settlement Amount not denominated in the Base Currency shall be converted into the Base Currency at the applicable spot rate would be effective under the laws of this Jurisdiction.
- 3.1.5 The unenforceability or illegality of any other Section of the Master Agreement would be unlikely to undermine Section 4 unless the unenforceability or illegality was so material as to affect the Master Agreement as a whole.
- 3.1.6 It is not necessary, for the purposes of the laws of this Jurisdiction, for the Parties to agree to an automatic rather than optional close out.
- 3.1.7 There is no requirement under the laws of this Jurisdiction that the right to net be reflected in the books and records of the Parties in order for it to be effective.
- 3.1.8 Our opinion in this paragraph 3.1 would not be affected in the event that the Parties had agreed to apply paragraph 3 of Part VII to the Schedule to the Master Agreement.

## 3.2 **Applicable Insolvency Procedures**

### 3.2.1 *Types of Insolvency Proceedings*

The only bankruptcy, composition, rehabilitation or other insolvency procedures to which a party to the Master Agreement could be subject under the laws of this Jurisdiction, and which are relevant for the purposes of this opinion, are liquidation, administration, administrative receivership, receivership, voluntary arrangements and schemes of arrangement. These procedures are collectively referred to as "**Insolvency Proceedings**." The legislation applicable to such Insolvency Proceedings is:

- (a) in relation to all Insolvency Proceedings (disregarding, for this purpose, any Insolvency Proceedings exempt at the date of this opinion and initiated under different legislation applicable at the time of their initiation) except schemes of arrangement, the provisions of the Insolvency Act 1986 and the Insolvency Rules 1986; and

(b) in relation to schemes of arrangement, section 425 of the Companies Act 1985,

each as modified up to the date hereof.

A party to the Master Agreement which is insolvent for the purposes of any insolvency law or otherwise subject to Insolvency Proceedings is called the "**Insolvent Party**" and the other party is called the "**Solvent Party**".

### 3.2.2 *Insolvency Treaties*

There are no bankruptcy or insolvency treaties entered into by and in force in this Jurisdiction which affect this opinion.

## 3.3 **Attachments**

Under the laws of this Jurisdiction, if any creditor of a Party (the "**First Party**") were to attach, execute, levy execution or otherwise exercise a creditor's process (whether before or after judgment) over or against any claim owing by the other Party (the "**Second Party**") to the First Party under the Master Agreement or a Principal Agreement, then the Second Party would, following the occurrence of a Close-Out Event and provided that the Second Party is not insolvent, be able to exercise its rights under the termination and close-out provisions of the Master Agreement against such creditor of the First Party in respect of claims subject to such termination and close-out provisions which existed at the date of the attachment or other process, including the claim which is the subject of the attachment or other process.

## 4. **QUALIFICATIONS**

This opinion is subject to the following qualifications:

### 4.1 **Insolvency**

For the purposes of this opinion, a reference to the "**onset of insolvency**" means, in broad terms, the date of the commencement of a winding up, or if earlier, the date of presentation of a petition for an administration order. A reference to the "**commencement**" of a winding up means, in the case of a voluntary winding up and, in the case of a winding up by the court, the time of presentation of the petition for winding up or, if earlier, the time of the passing of a resolution for voluntary winding up.

4.1.1 Under section 238 of the Insolvency Act 1986 a transaction entered into by a company at any time within a specified period ending with the onset of insolvency of the company with a person on terms that provide for the company to receive either no consideration or a consideration the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by it, may be set aside as a transaction at an undervalue, if at the time the transaction is entered into that company was unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or became unable to pay its debts within the meaning of

that section in consequence of the transaction. It should be noted that the courts of this Jurisdiction would not set aside such a transaction if they were satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that at the time the company did so there were reasonable grounds for the belief that the transaction would benefit the company. Transactions entered into on arm's length terms and at the then prevailing market rates are unlikely to constitute transactions at an undervalue. However, the matters referred to in the last two sentences are questions of fact in each case.

- 4.1.2 Under section 239 of the Insolvency Act 1986 anything done or suffered to be done by a company within a specified period ending with the onset of insolvency of that company may be set aside as a voidable preference. The thing done or suffered will be liable to be set aside if at the time it was done or suffered that company was unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or became unable to pay its debts within the meaning of that section in consequence of the thing done or suffered and that thing has the effect of putting any person in a better position, in the event of that company going into insolvent liquidation, than that person would have been in if the thing had not been done or suffered. However, the courts of this Jurisdiction would not make such an order if they were satisfied that the company which gave the preference was not influenced in deciding to give it by a desire to put that person in such better position.
- 4.1.3 In a winding-up by the courts of this Jurisdiction, the aggregation of amounts representing terminated obligations and any set-off may be implemented under Rule 4.90 of the Insolvency Rules 1986 ("**Rule 4.90**") rather than under the specific provisions of the Master Agreement. In any event, a Rule 4.90 set-off would, in our view, result in a net amount payable between the Parties in respect of such amounts, subject to the other qualifications set out in this opinion and subject also to the inclusion in any set-off pursuant to Rule 4.90 of other mutual obligations between the Parties.
- 4.1.4 The provisions of Rule 4.90 relating to the set-off of mutual credits and debts do not apply to sums which became due at a time when the Solvent Party had notice that a meeting of creditors of the Insolvent Party had been summoned under section 98 of the Insolvency Act 1986 (which requires a company which goes into creditors' voluntary winding-up to cause a meeting of creditors to be summoned for a day not later than the fourteenth day after the day on which there is to be held a shareholders' meeting at which the resolution for voluntary winding-up is to be proposed) or that a petition for the winding-up of the Insolvent Party was pending. Accordingly, the courts of this Jurisdiction may not allow amounts in respect of any obligations which arise after the Solvent Party had notice of such a meeting or such a petition in respect of the Insolvent Party to be included in an aggregation or set-off pursuant to Section 4 of the Master Agreement or a set-off pursuant to Rule 4.90.

4.1.5 Under Section 127 of the Insolvency Act 1986, in a winding-up by the courts of this Jurisdiction, any disposition of the property of the company made after the commencement of the winding-up is, unless the court otherwise orders, void. Accordingly, we express no opinion as to whether or not any obligations which arise after the commencement of the winding-up could validly be included in a termination and set off pursuant to the Master Agreement or a set-off pursuant to Rule 4.90. This would not prejudice the effectiveness of the termination and set off pursuant to the Master Agreement, or set-off pursuant to Rule 4.90, of other, valid, obligations.

4.1.6 There is provision in both the Companies Act 1985 and the Insolvency Act 1986 for schemes of arrangement or voluntary arrangements in respect of companies (as defined in the Companies Act 1985) to be agreed by creditors or, in some cases, shareholders of the company. In relation to schemes of arrangement under section 425 of the Companies Act 1985, the courts of this Jurisdiction will not sanction the scheme unless reasonable efforts were made to notify those creditors whose rights would be affected by the scheme of the meeting to approve that scheme. In relation to company voluntary arrangements under Part I of the Insolvency Act 1986, a creditor cannot be bound by the arrangements unless he has been given notice of the creditors' meeting to approve the arrangements. In the case of either a scheme of arrangement or a company voluntary arrangement, approval at the creditors' meeting of its terms does not require unanimity of the affected creditors, whether or not present at the meeting. Such arrangements could affect both set-off rights of creditors and the value of claims which the creditors may have against the company.

If the termination and set off provided for in the Master Agreement has been effected before the approval of such an arrangement, any provision of such an arrangement which purports to unwind the application of such provision of the Master Agreement would not bind the affected creditor if timely objection to the arrangement is made to the applicable court. An arrangement could, however, affect the value of any resulting net claim.

4.1.7 Liquidation procedures under the Insolvency Rules 1986 are conducted in sterling. Rule 4.91 of the Insolvency Rules provides that, for the purposes of proving a debt incurred by the company in liquidation in a currency other than sterling, that debt shall be converted into sterling at the "official exchange-rate" (which is based on the market rate on the date the court makes its liquidation order or the company concerned resolves to go into liquidation). There is no specific provision under the Insolvency Rules for the conversion of non-sterling assets into sterling for the purpose of the Rule 4.90 set-off but, in practice, the liquidator may convert non-sterling claims into sterling at a suitable market-based rate, possibly the "official exchange-rate". Therefore, the provisions in the Master Agreement for the time and rate of conversion of one currency into another may, in the liquidation of a Party under the laws of this Jurisdiction, be

superseded by a conversion, or conversions, at the time and rate specified by the liquidator, as set out above.

- 4.1.8 In respect of paragraph 3.3 above, if the attaching creditor has gone into liquidation under the laws of this Jurisdiction before the date on which Close Out occurs, it may be possible for the liquidator of the attaching creditor to claim the amounts subject to the attachment free of the Second Party's rights under such provisions. This is because it may be argued that the Second Party seeks to set-off amounts which are owed by the First Party against amounts due to the attaching creditor by virtue of the attachment, and a contractual provision which has the effect of creating a right of set-off between non-mutual claims is ineffective in the liquidation of the attaching creditor.

However, after the commencement of winding-up of the First Party any attachment will be ineffective unless a court of this Jurisdiction otherwise orders, and in our view a court of this Jurisdiction would not validate the attachment in order to defeat the rights of the Second Party under such provisions.

- 4.1.9 In respect of any transaction or obligation entered into before the commencement of the winding-up of the Insolvent Party under which property is to be delivered after the time of such commencement and in respect of which the Insolvent Party transfers ownership of the property to the Solvent Party after the time of such commencement, it may not be possible for the price or other consideration payable in respect of such property transferred to be included in the calculation of the Final Net Settlement Amount.

- 4.1.10 Upon the occurrence of certain Insolvency Proceedings with respect to the Insolvent Party:

- (a) the Solvent Party may require the leave of the court to take proceedings to recover any sums due to it from the Insolvent Party and in particular any Final Net Settlement Amount calculated pursuant to Section 4;
- (b) the ability of the Solvent Party to exercise remedies to enforce any judgment obtained against the Insolvent Party to recover any such sums owed by the Insolvent Party might be restricted and to some degree prohibited by certain Insolvency Proceedings, although this would not affect the ability of the Solvent Party to prove for such sums in certain Insolvency Proceedings;
- (c) the Solvent Party may, in order to protect or substantiate its claim in respect of sums due from the Insolvent Party, be required to follow certain procedures in respect of Insolvency Proceedings and the entitlement of the Solvent Party to receive payment in respect of such sums due from the Insolvent Party may become a right to receive a dividend (and, potentially, interest under section 189 of the Insolvency



Act 1986) upon the submission of proof of debt in due time in the relevant Insolvency Proceedings;

- (d) the entitlement of the Solvent Party to receive such a dividend may rank in priority behind other creditors of the Insolvent Party. In particular, creditors with effective security interests may be entitled to have their claims met out of their security, creditors with other proprietary rights over assets which appear to be assets of the Insolvent Party may be entitled to assert such rights (thereby enabling their claims to be satisfied out of such assets), expenses of the liquidation (as specified in Rule 4.218 of the Insolvency Rules 1986) may rank for payment out of the available assets of the Insolvent Party in priority to unsecured creditors, and preferential creditors (as specified in Schedule 6 to the Insolvency Act 1986) may be entitled to be paid out of the available assets of the Insolvent Party in priority to other unsecured creditors to the extent of their preferential claims;
- (e) the Solvent Party may not be entitled to recover interest accruing after the date of commencement of the relevant Insolvency Proceeding;
- (f) under the laws of this Jurisdiction, interest the payment of which is imposed upon an Insolvent Party by the Master Agreement or which is included in the calculation of an amount under the Master Agreement, might be held to be irrecoverable or its inclusion in such a calculation may be held to be invalid, to the extent that it accrues after the making of a winding-up order or the passing of a winding-up resolution in respect of the Insolvent Party liable to pay such interest, but the fact that it was held to be irrecoverable would not of itself prejudice the legality or validity of any other provision of the Master Agreement.

4.1.11 The courts of this Jurisdiction are obliged to give assistance to courts in which concurrent insolvency proceedings have commenced under the laws of another jurisdiction. Such assistance may take the form of, for example, dealing with only those assets located in this Jurisdiction or selectively applying provisions of foreign law in Insolvency Proceedings which are otherwise generally governed by the law of this Jurisdiction. The courts of this Jurisdiction may accordingly apply foreign systems of law rather than the law of this Jurisdiction where the Insolvent Party is subject to insolvency proceedings in another jurisdiction. Under Section 426 of the Insolvency Act 1986, the courts of this Jurisdiction have a discretion to apply the law of one of a list of specified jurisdictions to the insolvency of an entity (including a company incorporated and registered in England and Wales) if so requested by the competent court of that other jurisdiction. Those specified jurisdictions are currently other parts of the United Kingdom, the Channel Islands, the Isle of Man, Anguilla, Australia, the Bahamas, Bermuda, Botswana, Brunei, Canada, Cayman Islands, Falkland Islands, Gibraltar, Hong Kong, Ireland, Malaysia, Montserrat, New Zealand, South Africa, St. Helena, Turks and Caicos Islands, Tuvalu and the Virgin

Islands. In exercising its discretion, the court of this Jurisdiction must have regard to its rules of private international law.

In relation to the above considerations, it should be noted as follows:

- (a) there can be certain Insolvency Proceedings in this Jurisdiction with respect to the Insolvent Party whether or not the relevant authorities in any other jurisdiction have initiated proceedings with respect to the Insolvent Party;
- (b) the courts of this Jurisdiction may stay Insolvency Proceedings in this Jurisdiction if they are of the opinion that proceedings in another forum would be more convenient;
- (c) in a liquidation conducted under the laws of this Jurisdiction, a liquidator is required to include all obligations (regardless of the office from which they were entered into) in the calculation under Rule 4.90 of amounts owed to and by the Insolvent Party; and
- (d) in giving effect to the law of another jurisdiction in any Insolvency Proceedings, we consider that the courts of this Jurisdiction will have regard to (and should protect) proprietary and priority rights of creditors whose claims are closely connected with this Jurisdiction.

## 4.2 General

The terms "**enforceable**" and "**enforceability**" as used in this opinion mean that the relevant obligations are of a type which the courts of this Jurisdiction may enforce; but it does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. As this opinion is not a general enforcement opinion we do not set out all of the potential issues regarding enforcement, but we do draw your attention to the following:

- 4.2.1 The applicability of certain insolvency-related matters is set out in paragraph 4.1 above.
- 4.2.2 Where any obligations under the Master Agreement are to be performed in a jurisdiction other than this Jurisdiction or a Party's obligations are subject to the laws of a jurisdiction other than this Jurisdiction, those obligations may not be enforceable under the laws of this Jurisdiction to the extent that performance would be illegal or contrary to public policy under the laws of the other jurisdiction.
- 4.2.3 Any provision in the Master Agreement to the effect that any calculation, determination or certification will be conclusive and binding will not be effective if such calculation, determination or certification is fraudulent, incorrect, arbitrary or shown not to have been given or made in good faith and will not necessarily prevent judicial enquiry into the merits of any claim by any party thereto. The laws of this Jurisdiction may have effect so that any

discretion or determination to be exercised or made by a party under the Master Agreement must be exercised or made reasonably. The courts of this Jurisdiction may regard any calculation, determination or certification as no more than *prima facie* evidence of the matter calculated, determined or certified.

- 4.2.4 The courts of this Jurisdiction may decline jurisdiction if the courts of another jurisdiction: (a) have already been seised in respect of proceedings involving the same parties and relating to the same matter (*lis alibi pendens*); or (b) are more appropriate for the determination of the dispute (*forum non conveniens*). In relation to (a), the courts of this Jurisdiction would be bound to stay proceedings or decline jurisdiction if the courts of a contracting state to the 1968 and 1988 Conventions on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (respectively the Brussels Convention and the Lugano Convention) have already been seised in respect of such proceedings and either of the conventions applies. In relation to (b), in deciding whether the courts of another jurisdiction would be more appropriate, the courts of this Jurisdiction look to connecting factors such as the nature of the dispute, the legal and practical issues involved, such questions as local knowledge, availability of witnesses and their evidence, and expense.
- 4.2.5 If the effect of proceedings in a forum outside this Jurisdiction is to extinguish claims or liabilities under the governing law of those claims or liabilities, the courts of this Jurisdiction may recognise the extinction of those claims or liabilities.
- 4.2.6 The obligation to pay interest on a defaulted amount may, to the extent that it does not constitute a genuine pre-estimate of loss, be held to be unenforceable on the grounds that it constitutes a penalty. Similarly, to the extent there are other provisions in the Master Agreement entitling a Party to claim an amount in respect of loss or damage suffered by it in respect of a non performance by the other Party, to the extent that amount exceeds a genuine pre-estimate of loss it may be held to be unenforceable.
- 4.2.7 Whilst, in the event of any proceedings being brought in a court of this Jurisdiction in respect of a monetary obligation expressed to be payable in a currency other than pounds sterling of the United Kingdom, that court would have power to give judgement expressed as an order to pay such currency, it may decline to do so in its discretion.
- 4.2.8 The Master Agreement may be held to be invalid or not binding in the event of any misrepresentation, illegality, fraud, duress, undue influence or mistake of fact. Accordingly, we express no opinion if any of these elements is present.
- 4.2.9 We do not opine on the legality, validity or enforceability of any Principal Agreement or any transaction. No meaningful rights or liabilities will arise between the parties under the Master Agreement unless and until transactions are entered into under Principal Agreements. If a Principal Agreement or any

transaction is not itself valid, legally binding and enforceable, the Master Agreement will not be either in relation to it. Moreover, it is possible that the terms of a Principal Agreement or a transaction could amend or affect the Master Agreement in relation to any other Principal Agreement or transaction. Our opinion is subject to this.

- 4.2.10 The ability of the Master Agreement to terminate all Principal Agreements may be limited by contrary intention contained in any Principal Agreements or in any transaction.
- 4.2.11 A judgment on the Master Agreement, whether in the courts of this Jurisdiction or elsewhere, may be held to supersede the Master Agreement so that the obligations to pay interest and regarding contractual currency may not survive such judgment.
- 4.2.12 Any payment under the Master Agreement involving the government of any country which is the subject of United Nations sanctions (an "**Affected Country**"), any person or body resident in, incorporated in, or constituted under the laws of, any Affected Country or exercising public functions in any Affected Country, or any person or body controlled by any of the foregoing may be subject to restrictions pursuant to such sanctions as implemented in the laws of this Jurisdiction.

This opinion is stated as of its date and is rendered solely to TBMA for its and its members' use in connection with the Master Agreement. No other person may rely on it, nor may the contents of this opinion be disclosed to any other person without our prior consent.

Yours faithfully,

**Clifford Chance**  
**Limited Liability Partnership**