

Confidential

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

Dated 2026

IN THE MATTER OF MARKS AND SPENCER FINANCIAL SERVICES PLC

AND

IN THE MATTER OF HSBC UK BANK PLC

AND

**IN THE MATTER OF PART VII OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000**

**BANKING BUSINESS TRANSFER SCHEME
pursuant to Part VII of, and Part II of Schedule 12 to, the Financial
Services and Markets Act 2000**

 **NORTON ROSE FULBRIGHT**

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1 Background

- 1.1 Marks and Spencer Financial Services plc (the **Transferor**), a company incorporated in England and Wales, carries on in the United Kingdom (the **UK**) the business of banking (including the acceptance of deposits, the provision of financial services and other related activities).
- 1.2 HSBC UK Bank plc (the **Transferee**), a company incorporated in England and Wales, carries on in the UK the business of banking (including the acceptance of deposits, the provision of financial services and other related activities).
- 1.3 Both the Transferor and the Transferee are authorised persons in the UK, within the meaning of the Financial Services and Markets Act 2000 (the **Act**), and have permission to accept deposits pursuant to Part 4A of the Act.
- 1.4 The Transferor and the Transferee have agreed that the Transferor will transfer to the Transferee the Transferring Business, including the Transferring Business Assets, the Transferring Business Liabilities and the Transferring Business Contracts (as more particularly defined below so as to exclude certain matters), and that the Transferring Business will vest in the Transferee accordingly.
- 1.5 It is expedient that the transfer of the Transferring Business be effected economically and without interference or interruption to the services provided to any Customer.
- 1.6 The objects of this Scheme can most conveniently be attained with the sanction of the Court under section 111(1) of the Act.

2 Interpretation

- 2.1 In this Scheme, unless the subject or context otherwise requires, the following words and phrases have the following meanings:

Accounts Payable means all amounts payable by or owed by the Transferor to third parties (including any member of the HSBC Group) in respect of unpaid invoices as at the Effective Date, including all amounts accrued for contracted goods and services received for which invoices have not been received from the relevant third party as at the Effective Date

Acquired Rights has the meaning given to it in paragraph 5.23(b)

Act has the meaning given to it in paragraph 1.3

All Monies Rights means rights providing for Security given in relation to an agreement to secure, in addition to obligations in relation to such agreement, obligations arising under other agreements

Asset means any asset or other right of every description (whether present or future, actual or contingent), including, without prejudice to the generality of the foregoing:

- (a) money (including cash in transit, cash at branches, cash held by agents, cash in ATM machines, high value paper and in-flight payments to the Transferring Business (including in payment scheme settlement accounts));
- (b) goods;
- (c) things in action;
- (d) real and heritable property;
- (e) Moveable Assets and personal property situated in the UK and elsewhere;
- (f) property held on trust or in a fiduciary capacity;
- (g) Security;
- (h) rights, benefits and powers of every description;
- (i) any interest as a proprietor, landlord, tenant, mortgagee, chargee, assignee or heritable creditor;
- (j) the benefit of the Claims (as far as the same can be lawfully assigned or transferred to the Transferee) outstanding as at the Relevant Date;
- (k) the Goodwill of the Transferor that is attributable to the Transferring Business;
- (l) Business Data;
- (m) Business Receivables;
- (n) Intellectual Property;
- (o) the benefit (subject to the burden) of any Contracts;
- (p) any physical manifestation of a product, including any cards or wearable devices;
- (q) any shares, and any interest in any of the foregoing;
- (r) rights (subject to any burden) associated with the historic business of the Transferor; and
- (s) the benefit of any fees or levies paid by the Transferor to regulatory and industry bodies

Bank Account Agreement means the terms and conditions applicable to a Deposit as varied by the Transferor from time to time, including the associated Customer Account

Bank Identifiers means sort codes, BICs, IBANs and BINs

Business Data means all Data which is separable and discrete and that is attributable exclusively to any part of the Transferring Business but excluding Data which the Transferor is prevented from transferring or is required to retain by Law and Regulations

Business Day means a day other than a Saturday or Sunday on which banks in the City of London are generally open for business

Business Receivables means all book and other debts or sums receivable by, payable to or owed to the Transferor to the extent that such debts and sums arise in the course of the Transferring Business and are outstanding at the Relevant Date, whether or not yet immediately due or payable (including trade debts, deposits, pre-payments, retrospective rebates and overpayments), and interest thereon, but excluding debts owed to the Transferor by any relevant Tax Authority in respect of Tax relating to the Transferring Business attributable to periods ended on or before, or an event occurring (or deemed to occur) on or before, the Effective Date (such debts in respect of Tax including, for the avoidance of doubt, any bond or other security issued by any Tax Authority or other governmental agency representing any such debts)

Business Records means all original records, consents and files containing information and records of the Transferor relating to the Transferring Business as at the Relevant Date, including:

- (a) accounting, financial, marketing, sales, management and technical information, correspondence and literature;
- (b) application forms and know-your-customer documentation in respect of Transferring Customers;
- (c) the credit files of each Transferring Customer;
- (d) statements and ledgers for each Transferring Customer for at least a six-year period prior to the Relevant Date; and
- (e) all records of correspondence and payments in respect of each Transferring Customer,

and a copy of all records which do not solely contain such information, or that relate to the Transferring Business, excluding the Statutory Records and the VAT Records

Claim means any claim or right to claim by way of legal or other proceedings or by way of application to any ombudsman or authority by or against the Transferor which is current or pending at the Relevant Date or any such future claim or right to claim, including any outstanding claim in relation to the Transferor's own insurance policies

Commercial Contracts means any Contract entered into by the Transferor, but excluding:

- (a) Customer Contracts;
- (b) Security Agreements;
- (c) any Contract of Employment; and
- (d) any Excluded Contracts

Consenting Customer has the meaning given to it in paragraph 5.28

Consolidation Rights means all rights providing for Security given in connection with any agreement not to be released, or discharged, until obligations have been satisfied in connection with another agreement

Contract means any agreement, deed, scheme, transaction, obligation, arrangement, warranty or understanding (whether unilateral or bilateral, whether conditional or unconditional, whether in writing or otherwise and whether or not governed by English law) and includes:

- (a) Customer Contracts;
- (b) Security Agreements; and
- (c) Commercial Contracts,

but does not include any Contract of Employment

Contract of Employment means any employment contract between any Employee and the Transferor

Control means, in relation to a person, the direct or indirect ownership of more than 50 per cent of the voting capital or similar right of ownership of that person, or the legal power to direct or cause the direction of the general management and policies of that person, whether through the ownership of voting capital, by Contract or otherwise, and **Controls** and **Controlled** shall be interpreted accordingly

Court means the High Court of England and Wales

Cross-Default Rights means any rights providing for, or which (if exercised) might result in, the acceleration or alteration of payment or other obligations, or the exercise of other rights, under a Contract, in each case as a result of a default under another Contract

Customer means any person to whom the Transferor provides, intends to issue, or has provided or issued, products or services, in the course of the Transferring Business or with whom the Transferor has entered into or intends to enter into, or has entered into or intends to enter into on behalf of such person any agreement, trade or transaction, at or before the Relevant Date

Customer Accounts means all accounts in respect of Deposits that are attributable to the Transferring Business between the Transferor and the Transferring Customers, including closed accounts and **Customer Account** means any one of them

Customer Contracts means any Contract entered into by the Transferor (solely or with others) with Customers, including any Loan Agreements, other credit agreements and Bank Account Agreements but excluding Security Agreements and the Excluded Contracts

Data means data or information, whether in electronic or hard copy form

Data Protection Laws means any law, statute, declaration, decree, directive, legislative enactment, order, ordinance, regulation, rule or other binding restriction (as amended, consolidated or re-enacted from time to time) which relates to the protection of individuals with regards to the processing of Personal Data to which a party is subject, including GDPR and the Data Protection Act 2018 and, following the UK's departure from the European Union, all Law and Regulations enacted in the UK in respect of the protection of Personal Data

Data Subject Request means a request made by a Customer to exercise their rights under Data Protection Laws in respect of Transferring Personal Data

Depositor Protection Rules means the Depositor Protection Part of the PRA Rulebook (as amended from time to time)

Deposits means the deposit Liabilities of the Transferor owing to depositors taken in or held in the books and records of the Transferor as part of the Transferring Business outstanding on the Relevant Date, including all uncollected items included in depositors' balances

Document means anything in which information of any description is recorded (whether in physical, electronic or any other form)

Effective Date means the date and time on which this Scheme shall become effective in accordance with paragraph 8

Eligible Deposit has the meaning given to it in the Depositor Protection Rules

Employees means any individuals employed by the Transferor in the Transferring Business and **Employee** means any one of those individuals

Encumbrance means any Security, Claim, equitable right, power of sale, retention of title, or other third party right or security interest of any kind, or an agreement, arrangement or obligation to create any of the foregoing

Entire Agreement Clause means a clause contained in a Customer Contract, Existing Transferee Agreement or New Transferee Agreement which provides that the agreement

represents the entire agreement between the parties in relation to all or some of the accounts or services of the type that are the subject matter of the agreement or that are referred to in the agreement, or otherwise states that the relevant Customer Contract, Existing Transferee Agreement or New Transferee Agreement (as applicable) will apply to all accounts or services provided by the Transferor or Transferee as appropriate

Excess Deposit means such part of a Qualifying Customer's FSCS Covered Deposits that exceeds the FSCS Limit that applies to such Qualifying Customer immediately following the transfer of that Qualifying Customer's Customer Account(s) to the Transferee on the Relevant Date

Excluded Assets means Assets which are not to be transferred to the Transferee pursuant to this Scheme (being those identified in Part 1 of Schedule 1)

Excluded Contracts means Contracts that are not to be transferred to the Transferee pursuant to this Scheme (being those identified in Part 3 of Schedule 1)

Excluded Financial Accounting Software Agreements means:

- (a) the framework agreement entered into between the Transferor and Four Corner Solutions Limited; and
- (b) the licence and maintenance agreement entered into between the Transferor and General Systems Leasing Ltd dated 4 June 1999

Excluded Liabilities means Liabilities that are not to be transferred to the Transferee pursuant to this Scheme (being those identified in Part 2 of Schedule 1)

Excluded Matters means:

- (a) the Excluded Assets;
- (b) the Excluded Liabilities;
- (c) the Excluded Contracts; and
- (d) any other Asset, Liability, Contract or Customer that the Transferor and the Transferee agree in writing shall be an Excluded Matter for the purposes of this Scheme prior to the Relevant Date

Excluded Nostro Account means the bank account in the name of the Transferor, held with the Transferee, with account number: 82164604 and sort code: 40-01-06

Existing Transferee Agreement means any Contract to the extent entered into between the Transferee and any of its customers, clients or counterparties (including a Customer) to the extent

in force immediately prior to the Effective Date or the Subsequent Transfer Date (as the case may be)

FCA means the UK Financial Conduct Authority or any successor authority

Financial Services Compensation Scheme means the compensation scheme established by the PRA and the FCA pursuant to rules made under s.213 of the Act and administered by Financial Services Compensation Scheme Limited

Freezing Order means any order of any court of any jurisdiction imposing any restrictions or conditions (including on the use of, payment from, disposition of, dealing with, or diminution of) on Deposits or Assets held for Customers comprised in the Transferring Business, including freezing orders or Mareva injunctions, and orders pursuant to the Proceeds of Crime Act 2002 or its predecessors

Frozen Account means any Deposits and any Assets held for Customers which form part of the Transferring Business which are affected by a Freezing Order

FSCS Covered Deposits means the aggregate amounts of any Qualifying Customer's Eligible Deposits with the Transferor and Transferee that are covered by the Financial Services Compensation Scheme in accordance with the Depositor Protection Rules, immediately prior to the transfer of that Qualifying Customer's Customer Account(s) to the Transferee on the Relevant Date

FSCS Limit means the maximum amount of compensation to which a Qualifying Customer would be eligible in respect of their Customer Account(s) on and from the Relevant Date, in accordance with chapter 4 of the Depositor Protection Rules

Future Business means the potential business that may arise from any application made to the Transferor prior to, on or after the Relevant Date, whether or not accepted by the Transferor, and any offer or invitation by the Transferor prior to the Relevant Date, in each case in connection with the Transferring Business which in the ordinary course absent the Scheme would result in the execution of a Customer Contract by the Transferor and any checks made (or information obtained) by or on behalf of the Transferor pursuant to, or as a result of, any such application, offer or invitation

GDPR means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119/1, 4.5.2016

Goodwill means the goodwill of the Transferor in relation to any part of the Transferring Business at the Effective Date

Guarantee means a guarantee, indemnity, undertaking or commitment given to the Transferor to secure the obligations of a Customer under a Customer Contract

HSBC Group means HSBC Holdings plc and its subsidiaries

HSBC Pension Plan means any occupational pension scheme (within the meaning of section 150(5) of the Finance Act 2004) in which the employees of the Transferor participate

Implementation and Transfer Agreement means the implementation and transfer agreement dated 13 November 2025 between the Transferor and the Transferee in respect of the transfer of the Transferring Business

Intellectual Property means (a) all right, title and interest in inventions (whether patentable or not), patents, design rights, database rights, copyright, trade and service marks, logos, get up and trade names and the goodwill attaching to them, and know-how; and (b) any other intellectual property rights and equivalent forms of protection to any of them which subsist anywhere in the world (including in respect of Pipeline Products), in each case: (i) owned by the Transferor; and (ii) subsisting at the Effective Date

Intercompany Debts means all debts or sums receivable by, payable to or owed to a member of the HSBC Group by the Transferor, in each case pursuant to an intercompany loan, and that are outstanding at the Relevant Date, whether or not yet immediately due or payable

ISA Manager means a person who is approved by Commissioners for HMRC for the purposes of the ISA Regulations as an account manager

ISA Regulations means the Individual Savings Account Regulations 1998 (SI 1998/1870)

Law and Regulations means any applicable law, regulation or ordinance or any direction, instruction, pronouncement, requirement, decision of or contractual obligation owed to an applicable regulatory authority (including any relevant antitrust laws)

Liabilities or Liability means any duty or obligation of any description, whether present or future, actual, contingent or prospective, and includes deposits

Loan Agreement means any agreement creating a Loan between the Transferor and any Customer

Loans means all loans made by the Transferor and/or owed to it as part of the Transferring Business on or before the Relevant Date and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all future advances) due or owing with respect to that loan by a borrower or, as the context may require, the borrower's obligations in respect of the same

Marketing Preference means a consent for the purposes of Data Protection Laws given by a Data Subject (as defined in the Data Protection Laws) to the Transferor for use of that Data Subject's Personal Data to market directly to that Data Subject by any means, or an indication (by act or omission as appropriate) by the Data Subject that such consent is withheld

Moveable Assets means, in the case of the Transferring Business, all moveable assets (including furniture and stationery, but excluding information technology software or hardware) owned by the Transferor immediately prior to the Relevant Date and either held or used exclusively for the purposes of the Transferring Business at the Relevant Date

New Transferee Agreement means any Contract to the extent entered into between the Transferee and any of its customers, clients or counterparties (including a Customer) to the extent in force on or after the Relevant Date

Order means an order of the Court under section 111(1) of the Act sanctioning the transfer of the Transferring Business to the Transferee and any order (including any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of the Act

Personal Data has the meaning given in the Data Protection Laws

Pipeline Products means those products and services in development by the Transferor that are proposed to be (but are not as at the Effective Date), offered to Customers by the Transferor

PRA means the UK Prudential Regulation Authority or any successor authority

Professional Adviser Engagement Letter means the appointment letter entered into between the Transferor and its auditors dated 18 May 2015 in connection with the provision to the Transferor of services that will continue to be provided to the Transferor following the Effective Date

Qualifying Customer means a Transferring Customer that holds Eligible Deposits with both the Transferor and Transferee immediately prior to the transfer of that Qualifying Customer's Customer Account(s) to the Transferee on the Relevant Date

Relevant Date means, in respect of:

- (a) a Transferring Asset, Transferring Liability or Transferring Contract, the Effective Date; and
- (b) a Residual Asset, Residual Liability or Residual Contract, the applicable Subsequent Transfer Date

Residual Asset means any Transferring Business Asset, but whose transfer to and vesting in the Transferee does not take place on the Effective Date, including any Transferring Business Asset:

- (a) that is governed by the laws of any country or territory outside the UK, and where certain steps for securing its effective transfer or waiving any default arising on the transfer under this Scheme need to be taken after the Effective Date;
- (b) in respect of a Frozen Account to which paragraph 3.4 applies;
- (c) in respect of Sanctioned Accounts to which paragraph 3.10 applies;
- (d) to which paragraph 5.9 applies and the relevant Security granted to the Transferor in relation to that Asset does not transfer on the Effective Date;
- (e) in relation to which the Transferee and the Transferor mutually agree that the Asset should not be transferred on the Effective Date; or
- (f) in relation to which there has been a delay in the transfer for any other reason

Residual Contract means any Transferring Business Contract, but whose transfer to and vesting in the Transferee does not take place on the Effective Date, including any Transferring Business Contract:

- (a) that is governed by the laws of any country or territory outside the UK, and where certain steps for securing its effective transfer or waiving any default arising on the transfer under this Scheme need to be taken after the Effective Date;
- (b) in respect of a Frozen Account to which paragraph 3.4 applies;
- (c) in respect of Sanctioned Accounts to which paragraph 3.10 applies;
- (d) to which paragraph 5.9 or 5.10 applies and the relevant Security granted to the Transferor in relation to that Contract does not transfer on the Effective Date;
- (e) in relation to which the Transferee and the Transferor mutually agree that the Contract should not be transferred on the Effective Date; or
- (f) in relation to which there has been a delay in the transfer for any other reason

Residual Liability means any Transferring Business Liability, but whose transfer to the Transferee does not take place on the Effective Date, including any Transferring Business Liability:

- (a) that is governed by the laws of any country or territory outside the UK, and where certain steps for securing its effective transfer need to be taken after the Effective Date;
- (b) in respect of a Frozen Account to which paragraph 3.4 applies;

- (c) in respect of Sanctioned Accounts to which paragraph 3.10 applies;
- (d) to which paragraph 5.10 applies and the relevant Security granted to the Transferor in relation to that Liability does not transfer on the Effective Date;
- (e) in relation to which the Transferee and Transferor mutually agree that the Liability should not be transferred on the Effective Date; or
- (f) in relation to which there has been a delay in the transfer for any other reason

Sanctioned Accounts means those accounts of Customers that it would be unlawful under Sanctions to transfer to the Transferee pursuant to this Scheme

Sanctions means the economic, financial and trade embargoes and sanctions laws, regulations, rules and/or restrictive measures administered, enacted or enforced by the Office of Foreign Assets Control of the United States Department of the Treasury, the United States Department of State, any other United States government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, the UK and/or any other government, public or regulatory authority or body (including HM Treasury)

Scheme means this scheme in its original form or with or subject to any modification, addition or condition which may be approved by the Court in accordance with paragraph 7

Security includes:

- (a) any mortgage or charge (whether legal or equitable, fixed or floating), debenture, bill of exchange, promissory note, Guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment or assignation by way of security, indemnity, power of attorney, letter of credit, letter of comfort, letter of support, insurance, warranty, representation or other assurance, right of set off or any other means of securing the payment or discharge of a debt or Liability or any interest therein;
- (b) any intercreditor agreement, subordination agreement, postponement agreement or other ranking agreement in relation to the rights and/or obligations of any person or any security interest;
- (c) any equalisation agreement, standstill agreement or similar agreement or arrangement;
- (d) any third party right or interest (whether legal or equitable), including in any real or personal property; and

- (e) any option, restriction, right of first refusal, right of pre-emption or any other type of preferential arrangement (including title transfer and retention agreements) having a similar effect,

in each case: (i) whether present or future, actual, contingent or prospective; (ii) whether over an Asset in England and Wales, Scotland, Northern Ireland or in any other jurisdiction; and (iii) whether created, executed or given by any Customer or by any other person

Security Agreement means an agreement creating any Security in favour of the Transferor (solely or with others) in respect of any Liability of any Transferring Customer comprised in the Transferring Business

ServCo Claim means any Claim of the Transferor under a Services Agreement to the extent that it relates to the Transferring Business

ServCo Group means HSBC Global Services Limited and any entity over which from time to time HSBC Global Services Limited either directly or indirectly exercises Control

Services Agreement means each services agreement entered into between the Transferor and a member of the ServCo Group, pursuant to which a member of the ServCo Group has agreed to provide, or procure the provision of, services to the Transferor, and for which the Transferor has agreed to make payment, as more particularly specified in the relevant services agreement

Statutory Records means all books, files, Documents, correspondence, papers and other records as are required, by any applicable legal or regulatory requirement or corporate governance requirement (whether or not having the force of law), to be kept by the Transferor and retained in their possession, but excluding the VAT Records

Subsequent Transfer Date means, in relation to any Residual Asset, Residual Liability or Residual Contract, the date after the Effective Date on which such Residual Asset, Residual Liability or Residual Contract is transferred to the Transferee being:

- (a) in respect of any Residual Asset, Residual Liability or Residual Contract that is not transferred on the Effective Date because of the operation of paragraphs 3.4, 3.7(b), 3.7(c), 3.10, 5.9 or 5.10, the date on which all relevant transfer and transfer perfection steps have been concluded, unless otherwise determined by the Transferor and the Transferee; and
- (b) in all other cases, the date determined by the Transferor and the Transferee

Tax means any form of taxation, levy, duty, charge, withholding, contribution or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by, or payable to, any Tax Authority

Tax Authority means any taxing or other authority (in any jurisdiction) competent to impose, administer or collect any Tax

Transferee has the meaning given to it in paragraph 1.2

Transferee Entity has the meaning given to it in paragraph 5.14(a)

Transferee's Group means the Transferee and its subsidiaries from time to time

Transferor has the meaning given to it in paragraph 1.1

Transferor Agreement means a Customer Contract or an agreement between the Transferor and a person (including a Customer), who has, before the Relevant Date, provided an Encumbrance in respect of a Customer Contract to be transferred to the Transferee under the Scheme

Transferor Entity has the meaning given to it in paragraph 5.14(a)

Transferring Assets means the Transferring Business Assets other than the Residual Assets (unless and until they transfer on a Subsequent Transfer Date)

Transferring Business means all business conducted by the Transferor (being banking, deposit taking, financial services and general insurance intermediation activities and associated Assets, Liabilities and Contracts), including associated Assets, Liabilities and Contracts which are attributable to:

- (a) the Transferring Business Assets;
- (b) the Transferring Business Liabilities;
- (c) the Transferring Business Contracts;
- (d) any other business carried on by the Transferor and any other existing property, assets, liabilities and contracts of the Transferor of whatsoever nature as recorded in or created by any of the books and records of the Transferor; and
- (e) the benefit, burden and conduct of any Claim and any regulatory proceeding in respect of the items referred to in paragraphs (a), (b) and (c) above and any ServCo Claim,

but excludes the Excluded Matters

Transferring Business Assets means the Assets in respect of the items listed in the definition of the Transferring Business (except the Transferring Business Assets listed in (a)), excluding the Excluded Matters

Transferring Business Contracts means the Contracts in respect of the items listed in the definition of the Transferring Business (except the Transferring Business Contracts listed in (c)), excluding the Excluded Matters

Transferring Business Liabilities means the Liabilities in respect of the items listed in the definition of the Transferring Business (including (a) any bank deposit or similar arrangement; (b) the Intercompany Debts; and (c) any Liability associated with the historic business of the Transferor, including for the avoidance of doubt, any Liability in relation to the mis-selling of any products or any Liability identified by the Financial Ombudsman Service) (except the Transferring Business Liabilities listed in (b)), excluding the Excluded Matters

Transferring Capital Instruments means the:

- (a) £40,000,000 undated subordinated additional tier 1 instrument issued 2025 (callable March 2030 onwards) by the Transferor to the Transferee; and
- (b) £79,000,000 fixed rate notes maturing March 2031 entered into between the Transferor (as borrower) and the Transferee (as lender)

Transferring Contracts means the Transferring Business Contracts other than the Residual Contracts (unless and until they transfer on a Subsequent Transfer Date)

Transferring Customer means each Customer of the Transferring Business

Transferring Liabilities means the Transferring Business Liabilities other than the Residual Liabilities (unless and until they transfer on a Subsequent Transfer Date)

Transferring Personal Data means Personal Data which is comprised in the Transferring Business in respect of which the Transferor was the data controller immediately before the Relevant Date

TUPE means the Transfer of Undertakings (Protection of Employment) Regulations 2006

UK has the meaning given to it in paragraph 1.1

VAT Records means all records that are referred to in section 49(1)(b) VATA and which at the Effective Date are kept by the Transferor in relation to the Transferring Business

VATA means the Value Added Tax Act 1994

2.2 Any reference in this Scheme to the Assets, Liabilities or Contracts of the Transferor is a reference to Assets, Liabilities or Contracts to which the Transferor is entitled or subject (whether legally, beneficially (including as beneficiary under a trust) or in any fiduciary capacity):

- (a) wherever they are situated or arise;

- (b) whether or not they are capable of being transferred or assigned by the Transferor;
- (c) whether or not they are expressed to be binding on the successors or assignees of the Transferor; and
- (d) whether the Transferor is entitled or subject to them under the law of any part of the UK or under the law of any other country or territory.

2.3 Where any activity, Asset, Liability or Contract may be taken to fall within one or more than one of the items of business included within the definition of Transferring Business and/or one or more of the matters excluded as an Excluded Matter, it shall be regarded as falling within that item with which it is most closely connected, and therefore transferred or excluded accordingly.

2.4 In this Scheme:

- (a) a person includes any individual firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, partnership or unincorporated association (whether or not having separate legal personality);
- (b) for the purposes of determining whether a customer is a Customer, the signatories to a joint-named account shall be treated as a single customer that is separate and distinct from the status of any of those joint signatories as a customer:
 - (i) in his/her capacity as a sole signatory in relation to a sole named account; or
 - (ii) in his/her capacity as a joint signatory to any joint-named account with other customers;
- (c) a company includes any company, corporation or any body corporate whenever and however incorporated or established;
- (d) the words **holding company**, **subsidiary** and **subsidiary undertaking** shall have the same meanings in this Scheme as their respective definitions in the Companies Act 2006; and
- (e) reference to beneficial title includes an interest as beneficiary under a trust.

2.5 References to a Customer shall be to that Customer in its capacity as a Customer and not in any other capacity.

2.6 References to any agreement, instrument or deed shall be to such agreement, instrument or deed as amended, varied, modified, supplemented, extended, novated, renewed or replaced from time to time.

- 2.7 References to liabilities, rights, assets and property of the Transferor in respect of a Customer shall include liabilities, rights, assets and property whether or not governed by the law of England and Wales, Northern Ireland or Scotland and whether or not situated in England and Wales, Northern Ireland or Scotland.
- 2.8 References to one gender include all genders and references to the singular include the plural and vice versa.
- 2.9 Any reference to this Scheme shall include any Schedule to it and references to paragraphs and Schedules are to paragraphs of, and Schedules to, this Scheme.
- 2.10 All references to time in this Scheme are to London time.
- 2.11 References to any English, Northern Irish or Scottish legal term shall, in respect of any jurisdiction other than England, Northern Ireland or Scotland (as applicable), be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.
- 2.12 The words **including**, **include**, **in particular** and words of similar effect shall not be deemed to limit the general effect of the words that precede them.
- 2.13 All headings and titles are inserted for convenience only. They are to be ignored in the interpretation of this Scheme.

3 Transfer of the Transferring Business

3.1 Transfer of the Transferring Business

On the Relevant Date, that part of the undertaking of the Transferor comprised within the Transferring Business shall by the Order, and, subject to paragraph 3.11, without any further act or instrument, be transferred to, shall vest in and shall become Assets, Liabilities and Contracts (as the case may be) of the Transferee with the intent that the Transferee shall succeed to the Transferring Business as if in all respects the Transferee were the same person in law as the Transferor.

3.2 Transfer of the Transferring Assets, Transferring Liabilities and Transferring Contracts

On, and with effect from, the Effective Date, in accordance with the terms of this Scheme:

- (a) the Transferring Assets shall, by this Scheme and, subject to paragraph 3.11, without any further act or instrument, be transferred to, and the legal and beneficial title in respect of such Transferring Assets (to the extent such title is held by the Transferor) shall vest in, the Transferee;

- (b) the Transferring Liabilities shall, by this Scheme and, subject to paragraph 3.11, without any further act or instrument, be transferred to, and shall become Liabilities of, the Transferee and shall cease to be Liabilities of the Transferor; and
- (c) the Transferring Contracts shall by this Scheme and, subject to paragraph 3.11, without any further act or instrument, be transferred to, and shall become Contracts of, the Transferee.

3.3 Transfer of Residual Assets, Residual Liabilities and Residual Contracts

On, and with effect from, each Subsequent Transfer Date, in accordance with the terms of this Scheme:

- (a) each Residual Asset to which such Subsequent Transfer Date applies shall, by this Scheme and, subject to paragraph 3.11, without any further act or instrument, be transferred to, and the legal and beneficial title (where such beneficial title has not previously transferred pursuant to the creation of the trust described in paragraph 4 or pursuant to any other agreement or arrangement between the Transferor and the Transferee) in respect of such Residual Asset (to the extent such title is held by the Transferor) shall vest in, the Transferee;
- (b) each Residual Liability to which such Subsequent Transfer Date applies shall, by this Scheme and, subject to paragraph 3.11, without any further act or instrument, be transferred to, and shall become a Liability of, the Transferee and shall cease to be a Liability of the Transferor; and
- (c) each Residual Contract to which such Subsequent Transfer Date applies shall, by this Scheme and, subject to paragraph 3.11, without any further act or instrument, be transferred to, and shall become Contracts of, the Transferee.

3.4 Transfer of Foreign Assets, Liabilities and Contracts

Where any Asset, Liability or Contract forming part of the Transferring Business is governed by the law of any country or territory outside the UK, or where any Deposit or Asset forms part of a Frozen Account by virtue of an order of any court outside the UK:

- (a) the Transferor shall, if the Transferee so requires, use reasonable endeavours to take all necessary steps for securing the effective transfer thereof to the Transferee; and
- (b) pending such transfer, the Transferor shall hold any such Asset or Contract on trust for the Transferee, in accordance with the provisions of this Scheme relating to the Residual Assets and Residual Contracts and such trust shall only apply to the fullest extent permitted by law in the applicable country or territory outside the UK; and

- (c) pending such transfer, paragraph 4.5 shall apply in respect of any such Liability.

3.5 Excluded Matters

The Scheme shall not operate to transfer or have the effect of transferring, or be construed to operate to transfer or have the effect of transferring, to the Transferee any of the Excluded Matters.

3.6 Transfer subject to Security

- (a) Each Transferring Asset, Transferring Liability, Transferring Contract, Residual Asset, Residual Liability and Residual Contract (as applicable) shall be transferred to, and vested in, the Transferee subject to all Security (if any) that affects it.
- (b) Every Transferring Customer shall, at and with effect from the Relevant Date, become entitled, in succession to, and to the exclusion of, any rights which he/she may have had against the Transferor under his/her relevant Customer Contract and/or Security Agreement in relation to the Transferring Business, to the same rights against the Transferee as were available to him/her against the Transferor under such Customer Contract or Security Agreement in relation to the Transferring Business.

3.7 Transfer of Customer Accounts and Overdrafts

All:

- (a) Customer Accounts (including the related Deposits, overdrafts (if any) and Bank Account Agreements), except for Frozen Accounts to which paragraph 3.4 applies and Sanctioned Accounts, with effect on the Effective Date;
- (b) Frozen Accounts to which paragraph 3.4 applies with effect on the relevant Subsequent Transfer Date; and
- (c) Sanctioned Accounts with effect on the date determined in accordance with paragraph 3.10,

shall transfer to and become accounts and overdrafts (if any) between the Transferee and the Customer subject to the same terms and conditions as applied thereto immediately prior to the Relevant Date and each such account and overdraft (if any) shall be deemed for all purposes to be a single continuing account and overdraft (if any) in respect of the period prior to and after the Relevant Date, provided that nothing herein shall affect any right of the Transferee or the Customer after the Relevant Date to vary the terms and conditions subject to which any such account or overdraft (if any) is kept.

3.8 Capacity of Transferor

The transfer of the Transferring Business to the Transferee shall have effect whether or not the Transferor would, apart from the terms of this Scheme, have capacity to effect the same and notwithstanding any provision to the contrary in any contract, court order, trust or other arrangement with any person or compliance with any contractual pre-condition to such transfer. Such transfer shall be deemed to take effect on the basis that there is no requirement to obtain the consent of any person and there is no contravention, Liability or interference with any interest, right or requirement, and on the basis that it does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified.

3.9 Frozen Accounts

In relation to any Frozen Account transferred to, and vested in, the Transferee by virtue of the Order, on and from the Relevant Date:

- (a) the Transferee shall be entitled to the same rights and priorities and be subject to the same restrictions pursuant to the relevant Freezing Order to which the Transferor would itself have been entitled and subject if it had continued to hold the relevant Frozen Account; and
- (b) in accordance with paragraph 5.31, to the extent that the Freezing Order or notice of such Freezing Order makes reference to the Transferor, this shall be construed as, and take effect as, a reference to the Transferee or be deemed to have been addressed to the Transferee as relevant.

3.10 Sanctioned Accounts

Each Sanctioned Account, and any other associated Assets, Liabilities or Contracts subject to Sanctions that relate to a Customer who holds a Sanctioned Account, shall not transfer to the Transferee unless and until the Transferor or the Transferee (as applicable) has been granted any relevant licences or consents required to make such transfer in accordance with applicable law, or the relevant restrictions preventing such transfer cease to apply, and the trust and indemnity provisions set out in paragraph 4 and the other provisions of this Scheme that relate to the Transferring Business shall not apply to any such Sanctioned Account or Assets, Liabilities or Contracts pending that transfer as if those Sanctioned Accounts and Assets, Liabilities and Contracts were Excluded Matters. Upon the grant of any such relevant licence or consent, or the relevant restrictions preventing such transfer ceasing to apply, unless the Transferor and the Transferee otherwise agree, such Sanctioned Account or Assets, Liabilities or Contracts shall transfer to the Transferee in accordance with paragraph 3.7.

3.11 Instrument of transfer for securities

To the extent that any shares or other stock or marketable securities which are not otherwise exempt from stamp duty are transferred to the Transferee, the Transferor and the Transferee agree that separate stock transfer forms or other appropriate instruments of transfer will be executed in respect of such transfers and that such stock transfer forms or other instruments of transfer shall be an instrument of transfer for such shares, stock or marketable securities.

3.12 Transfer of the Transferring Capital Instruments

The Transferring Capital Instruments shall transfer, fully paid up, to the Transferee on the Effective Date.

4 Transferor as Trustee for the Transferee

- 4.1 The Transferor shall, from the Effective Date, hold any Residual Asset and Residual Contract together with any proceeds of sale or income or other right accrued or return arising in respect thereof, on trust for the Transferee absolutely, except to the extent that giving effect to such trust would in itself constitute the transfer of a Residual Asset or Residual Contract. If any part of any Transferring Business Asset or Transferring Business Contract or proceeds of sale or income or other right accrued or return arising in respect thereof does not transfer to, and vest in, the Transferee on the Relevant Date, then the Transferor shall continue to hold such part that has not transferred on trust for the Transferee absolutely.
- 4.2 The interests and entitlements of the Transferee under the trust created under paragraph 4.1 shall be vested and indefeasible, such that the Transferee is absolutely entitled to the Assets and Contracts comprised in the trust and to the income thereon as it arises.
- 4.3 The Transferor shall be subject to exclusive directions of the Transferee in respect of any Residual Asset or Residual Contract from the Effective Date until it is transferred to or otherwise vested in the Transferee or is disposed of (whereupon the Transferor shall account to the Transferee for the proceeds of the sale thereof), and the Transferee shall have the authority to act as the attorney of the Transferor in respect of such Residual Asset or Residual Contract for all such purposes.
- 4.4 In the event of any payment being made to, property being received by, or right being conferred upon, the Transferor on or after the Effective Date in respect of the Transferring Business, the Transferor shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, the Transferee, and the Transferee shall indemnify the Transferor on demand against any costs or Liability reasonably incurred in making any such payment or transfer.

- 4.5 From the Effective Date until the relevant Subsequent Transfer Date, the Transferee shall discharge on the Transferor's behalf or, failing that, shall indemnify the Transferor against each Residual Liability and in respect of any reasonable costs, Claims, charges and other Liabilities incurred by the Transferor in connection therewith.
- 4.6 In respect of each Residual Liability, to the extent that after the Subsequent Transfer Date the Transferor recovers under a policy of indemnity insurance or recovers pursuant to a Claim or right of recovery against a third party, a sum which compensates the Transferor (in whole or in part), the Transferor shall: (a) promptly notify the Transferee of the fact and (b) pay to the Transferee, as soon as reasonably practicable after receipt, an amount equal to the amount recovered from the third party, providing always that the Transferee shall indemnify the Transferor in respect of any reasonable costs, Claims, charges and other Liabilities incurred by the Transferor in recovering the same.

5 Supplementary Provisions

- 5.1 Without prejudice to the generality of the provisions of paragraph 3 of this Scheme, the provisions of this paragraph 5 shall have effect in relation to the transfer of the Transferring Business hereby contemplated.

5.2 Evidence of Transfer

The production of a copy of the Order shall, for all purposes, be evidence of the transfer to, and vesting in the Transferee of, the Transferring Business in accordance with the Order and the provisions of this Scheme.

5.3 Contracts

Every existing Transferring Business Contract shall be construed and have effect on and from the Relevant Date:

- (a) as if the Transferee had always been a party thereto instead of the Transferor (such that the Contract shall continue in force as between the Transferee and the other party thereto on the terms which applied to that Contract prior to the Relevant Date, but without prejudice to any right which the Transferee may have subsequently to vary or terminate such Contract, whether under the terms thereof or at law);
- (b) so that each of the Transferee, the relevant Customer who is the counterparty, or a third party with rights, in respect of a Contract shall become entitled to the same rights under, or pursuant to, that Contract as were available to, or against, the Transferor, the Customer or such third party under that Contract immediately prior to the Relevant Date, and accordingly such rights that were available to: (i) the Transferor against the Customer or such third party; or (ii) the Customer or such third party against the Transferor shall be extinguished;

- (c) as if for any reference (however worded and whether express or implied) to the Transferor there were substituted a reference to the Transferee; and
- (d) as if any reference (however worded and whether express or implied) to any one or more of the directors, officers or representatives of the Transferor were a reference:
 - (i) in relation to anything done prior to the Relevant Date, to the directors, officers or representatives of the Transferor; or
 - (ii) in relation to anything to be done on or after the Relevant Date, to the directors, officers or representatives of the Transferee.

5.4 Offers prior to the Relevant Date

An offer or invitation to treat made to or by the Transferor prior to the Relevant Date in relation to or affecting the Transferring Business that has not resulted in a Contract being formed prior to the Relevant Date shall be construed and have effect on and after the Relevant Date as an offer or invitation to treat made to or by the Transferee.

5.5 Terms and conditions determined by the Transferor

For the purpose of construing and giving effect to any Contract which forms a part of the Transferring Business (and to the extent that it relates to the Transferring Business) and which:

- (a) has effect or continues to have effect on, or on and after, the Relevant Date; and
- (b) makes reference to a rate, charge, tariff or scale of fees or to terms or conditions published, determined or ascertained from time to time by the Transferor,

the Transferee shall (on and after the Relevant Date (but subject to paragraph 5.31(d)) and without affecting the application of those provisions prior to that date) have the same rights under that Contract as the Transferor had to publish, determine, ascertain, vary or amend rates, charges, tariffs, scales of fees, terms or conditions, and any such rates, charges, tariffs, scales of fees, terms or conditions published, determined, ascertained, varied or amended by the Transferee after the Relevant Date shall apply in place of those which could have been published, determined, ascertained, varied or amended by the Transferor.

5.6 Assets or Contracts held by the Transferor

Any Asset or Contract (including: (a) any legal or beneficial title arising pursuant to any trust; and (b) any rights or Liabilities pursuant to any custody arrangements) transferred to and vested in the Transferee by virtue of the Order and which was held by the Transferor (whether alone or jointly with others) as a trustee, custodian or similar fiduciary capacity immediately before the Relevant Date shall, on and with effect from the Relevant Date, be held by the Transferee (alone

or jointly, as the case may be and in the capacity of a trustee, custodian or similar fiduciary capacity, as the case may be) and subject to the rights, powers and duties previously applicable to the relevant trust custodian or other fiduciary arrangement in question.

5.7 Legal title to Assets, Contracts and Security

Legal title to any Asset, Contract, Security or property held by the Transferor as trustee and as part of the Transferring Business shall, with effect from the Relevant Date, be vested in the Transferee upon and subject to the same trusts.

5.8 Transfer of Security

- (a) Subject to paragraphs 5.14 to 5.21 (inclusive), any Security or other contingent obligation executed by any person in favour of the Transferor and comprised within the Transferring Business shall vest in and become enforceable by the Transferee, both with respect to: (i) any indebtedness incurred by any person to the Transferor prior to the Relevant Date; and (ii) any indebtedness incurred by any person to the Transferee on or after the Relevant Date.
- (b) Where Security continues to be held by the Transferor pursuant to paragraph 4, that Security shall in addition secure monies and Liabilities owed to the Transferee in respect of the relevant Transferring Customer to the same extent as if the Security had transferred to and vested in the Transferee on the Effective Date.

5.9 Concurrent transfer of Transferring Business Assets and Security

Subject to paragraph 3.7 and unless decided otherwise by the Transferee in its sole discretion, any Transferring Business Asset (including any Asset arising under a Contract and any associated loan, lease, letter of credit, bond, note, derivative, Guarantee, indemnity or other right or benefit) in respect of which Security has been granted by or in favour of the Transferor shall only transfer to the Transferee if the relevant Security transfers at the same time, and any Security granted by or in favour of the Transferor in relation to any Asset shall only transfer to the Transferee if the relevant Asset transfers at the same time.

5.10 Concurrent transfer of Transferring Business Liabilities and Security

Subject to paragraph 3.7 and unless decided otherwise by the Transferee in its sole discretion, any Transferring Business Liability (including any Liability arising under a Contract and any associated loan, lease, letter of credit, bond, note, derivative, Guarantee, indemnity or other Liability) in respect of which Security has been granted by or in favour of the Transferor shall only transfer to the Transferee if the relevant Security transfers at the same time, and any Security

granted by or in favour of the Transferor in respect of any Liability shall only transfer to the Transferee if the relevant Liability transfers at the same time.

5.11 Payment of sums attributable to the Transferring Business

All sums attributable to the Transferring Business shall, on and after the Relevant Date, be payable to, and by, the Transferee in the same capacity as such sums would have been payable to, and by, the Transferor (in the absence of the Scheme).

5.12 Security over future advances or Liabilities

Subject to and in accordance with the provisions of paragraphs 5.9, 5.15 to 5.21 (inclusive), any Security referred to in paragraph 5.14 which extends to future advances or Liabilities shall, on and from the Relevant Date, be available to the Transferee (whether for its own benefit or, as the case may be, for the benefit of any other person) by way of Security for the payment or discharge of future advances and future Liabilities to the same extent and in the same manner in all respects as it extended immediately before the Relevant Date to future advances or Liabilities.

5.13 Ascertaining, perfecting or enforcing Assets, Liabilities or Contracts

Subject to the other provisions of this Scheme, where by virtue of the Order any Asset, Liability or Contract of the Transferor becomes an Asset, Liability or Contract of the Transferee, the Transferee and all other persons shall, on and from the Relevant Date, have the same rights, powers and remedies (and in particular the benefit of notices served and the same rights and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that Asset, Liability or Contract as if it had at all times been an Asset, Liability or Contract of the Transferee.

5.14 Security

On, and with effect from, the Relevant Date and subject to the terms of this Scheme (including, for the avoidance of doubt, paragraphs 5.15 to 5.21 (inclusive)):

- (a) any Security attributable to a Transferring Business Asset or Transferring Business Liability held by, or vested in, the Transferor or a nominee of or trustee for the Transferor (each a **Transferor Entity**) (whether for the Transferor alone or for the Transferor and other persons), or to which a Transferor Entity is subject, immediately prior to the applicable Relevant Date, shall be held by, vested in, or enforceable against, the Transferee or, as applicable, that nominee, agent or trustee for the Transferee (each a **Transferee Entity**) as if the Transferee Entity had always held, or had the benefit of, such Security;
- (b) any Security referred to in paragraph 5.14(a) above shall be available to, and enforceable by, or against, as the case may be, the Transferee Entity, with respect to any Liabilities

(including any principal, interest, fees, charges or other sums) to which the Security relates and which: (i) have been incurred or which have arisen prior to the applicable Relevant Date and (ii) are incurred or which arise on or after the applicable Relevant Date; and

- (c) in relation to any Security referred to in paragraph 5.14(a) above and any Liabilities thereby secured, the Transferee Entity shall, on, and from, the Relevant Date, be entitled to the same rights, ranking and priorities and be subject to the same obligations as those to which the Transferor Entity was entitled and to which it was subject immediately prior to the applicable Relevant Date and, without prejudice to the generality of the foregoing, all waivers, amendments, conditions, consents, affidavits, declarations, renunciations, deeds of substitution, deeds of release, ranking agreements and priority agreements attributable to any such Security shall be enforceable by and binding upon the Transferee Entity on and after the Relevant Date, to the same extent to which the same would have been enforceable by and binding upon the Transferor Entity prior to the applicable Relevant Date.

5.15 Set-off

- (a) The Transferee shall not be entitled on, and with effect from, the Effective Date, to apply any rights of set-off, which might otherwise be exercisable by the Transferee as a result of this Scheme, to reduce or discharge any liability arising from time to time: (i) under any Transferor Agreement using credit balances held pursuant to an Existing Transferee Agreement; or (ii) under any Existing Transferee Agreement using credit balances held pursuant to any Transferor Agreement.
- (b) The restrictions in paragraph 5.15(a) shall cease to apply in relation to credit balances held pursuant to any Existing Transferee Agreement or Transferor Agreement as follows: (i) where the credit balance is at the Relevant Date held for a fixed term, the date that falls three months after the expiry of that term; (ii) where the credit balance is at the Relevant Date held on terms that a promotional rate of interest will be lost if the deposit is withdrawn before the end of a certain period, on the date that falls three months after the expiry of that period; and (iii) in all other cases, on the date that falls three months after the Relevant Date.

5.16 All Monies Rights

The Transferee shall not be entitled on, and with effect from, the Effective Date to apply any All Monies Rights, which might otherwise be exercisable by the Transferee as a result of this Scheme:

- (a) under any Existing Transferee Agreement to secure any Liability arising from time to time under any Transferor Agreement; or

- (b) under any Transferor Agreement to secure any Liability arising from time to time under any:
 - (i) Existing Transferee Agreement; or (ii) New Transferee Agreement, unless expressly stated to the contrary in the New Transferee Agreement.

5.17 Cross-Default Rights

The Transferee shall not be entitled on, and with effect from, the Effective Date to apply any Cross-Default Rights, which might otherwise be exercisable by the Transferee as a result of this Scheme, to accelerate or alter payment or other obligations, or exercise other rights:

- (a) under any Existing Transferee Agreement as a result of the breach of any Transferor Agreement, unless the Transferor would have been entitled to accelerate or alter payment or other obligations, or exercise other rights under any such agreement as a result of a breach of any Transferor Agreement prior to the Effective Date; or
- (b) under any Transferor Agreement as a result of the breach of any: (i) Existing Transferee Agreement; or (ii) New Transferee Agreement, unless the Transferor would have been entitled to accelerate or alter payment or other obligations, or exercise other rights under any such agreement as a result of the breach of any Existing Transferee Agreement or New Transferee Agreement prior to the Effective Date or expressly stated to the contrary in the New Transferee Agreement.

5.18 Consolidation Rights

The Transferee shall not be entitled on, and with effect from, the Effective Date to apply Consolidation Rights which might otherwise be exercisable by the Transferee as a result of this Scheme to prevent the release of Security given in relation to:

- (a) any Existing Transferee Agreement until any obligations have been satisfied under any Transferor Agreement; or
- (b) any Transferor Agreement until any obligations have been satisfied under any: (i) Existing Transferee Agreement; or (ii) New Transferee Agreement, unless expressly stated to the contrary in the New Transferee Agreement.

5.19 Guarantees and Indemnities

The Transferee shall not be entitled on, and with effect from, the Effective Date to exercise any rights arising under a guarantee, indemnity, undertaking or commitment, which might otherwise be exercisable by the Transferee as a result of this Scheme, given to:

- (a) the Transferee under any Existing Transferee Agreement to secure the obligations of a Customer under any Transferor Agreement; or

- (b) the Transferor under any Transferor Agreement to secure the obligations of a Customer under any: (i) Existing Transferee Agreement; or (ii) New Transferee Agreement, unless expressly stated to the contrary in the New Transferee Agreement.

5.20 Other rights of the Transferor

The Transferee shall not be entitled on, and with effect from, the Effective Date to apply any other right, benefit, interest, discretion, authority or power which might otherwise be exercisable by the Transferee as a result of this Scheme under or in relation to any:

- (a) Existing Transferee Agreement to terminate, reduce, suspend, delay, alter, discharge, or otherwise secure any liability arising from time to time under any Transferor Agreement; or
- (b) Transferor Agreement to terminate, reduce, suspend, alter, discharge or otherwise secure any liability arising from time to time under any Existing Transferee Agreement.

5.21 Entire Agreement Clauses

- (a) Where a Transferor Agreement contains an Entire Agreement Clause, on and with effect from the Effective Date, the relevant clause shall be read and construed as if it referred only to the products or services comprised in the Transferring Business and shall not apply to, and the Transferor Agreement shall not supersede, any Existing Transferee Agreement.
- (b) Where an Existing Transferee Agreement contains an Entire Agreement Clause, on and with effect from the Effective Date, the relevant clause shall be read and construed as if it referred only to products or services of the Transferee not comprised in the Transferring Business and shall not apply to, and the Existing Transferee Agreement shall not supersede, any Transferor Agreements.
- (c) Where a New Transferee Agreement contains an Entire Agreement Clause, the relevant clause shall, unless expressly stated to the contrary, be read and construed as if it referred only to products or services of the Transferee that are not comprised in the Transferring Business and shall not apply to, and the New Transferee Agreement shall not supersede, any Transferor Agreements.

5.22 Financial Services Compensation Scheme

- (a) Where a consequence of the Scheme will be a reduction in the aggregate amount of a Qualifying Customer's coverage under the Financial Services Compensation Scheme calculated in accordance with the Depositor Protection Rules, a Qualifying Customer may request the withdrawal (without loss of any accrued interest or incurring any charge, as set out in paragraph 5.22(c)) of all, or part, of any Excess Deposit (together with any accrued interest and other benefits on the Excess Deposit from the last interest payment date to the

date of withdrawal) at any time for a period of three months starting from one month prior to the Relevant Date until two months thereafter.

- (b) Such withdrawal request may be made in respect of all, or part, of any Excess Deposit that a Qualifying Customer holds with the Transferor and/or the Transferee (as applicable), on any Business Day and without the Qualifying Customer complying with any requirement to give notice, to which the Qualifying Customer would otherwise be subject.
- (c) Such a withdrawal shall be without loss of any accrued interest and without the Qualifying Customer incurring any charge or penalty that would otherwise apply in consequence of such a withdrawal.
- (d) The Transferee or the Transferor shall not be obliged to permit a Qualifying Customer to withdraw any Excess Deposit in accordance with this paragraph 5.22 where the Excess Deposit relates to a Frozen Account or Sanctioned Account or where such withdrawal would breach applicable financial crime Law and Regulations.

5.23 Savings to Rights

- (a) The provisions of paragraphs 5.15 to 5.21 (inclusive) shall not diminish any right, benefit, interest, discretion, authority or power which: (i) immediately prior to the Relevant Date, the Transferee or its counterparty has in respect of agreements entered into by the Transferor, including any rights of the Transferee to use credit balances on accounts held with the Transferee to pay debts owed to the Transferor, any rights of the Transferor to use credit balances on accounts held with the Transferor to pay debts owed to the Transferee or any Cross-Default Rights; (ii) immediately prior to the Relevant Date, the Transferor or its counterparty has in respect of Existing Transferee Agreements, including any Cross-Default Rights; or (iii) the Transferee, Transferor or a Customer may acquire other than as a result of the Scheme, including as a result of the variation on or after the Relevant Date of a Transferor Agreement, Existing Transferee Agreement or New Transferee Agreement, provided that such variation without the express consent of the relevant Customer is not used to limit or adversely affect the mitigations referred to in paragraphs 5.15 to 5.21 (inclusive).
- (b) If, on or after the Relevant Date, the Transferee acquired any rights to exercise any of the rights, benefits, interests, discretions, authorities or powers referred to in paragraphs 5.15 to 5.21 (inclusive) in relation to agreements entered into with other HSBC Group companies (**Acquired Rights**) either: (i) as a result of any contractual variation; or (ii) through other means, other than as a result of the Scheme, paragraphs 5.15 to 5.21 (inclusive) shall not apply to restrict the Transferee's rights to exercise the Acquired Rights, provided that such variation without the express consent of the relevant Customer is not used to limit or adversely affect the mitigations referred to in paragraphs 5.15 to 5.21 (inclusive).

5.24 Mandates

- (a) Any existing instruction, order, direction, mandate, power of attorney, authority or consent given to or by the Transferor relating to any part of the Transferring Business shall have effect on and from the Relevant Date as if given to or, as the case may be, by the Transferee.
- (b) Any negotiable instrument, cheque, warrant, draft, letter of credit or order for payment of money, relating to any part of the Transferring Business, drawn on or by, or given to, or accepted or endorsed by, the Transferor, or payable at any place of business of the Transferor, whether so drawn, given, accepted, endorsed or payable before, on or after the Relevant Date, shall have the same effect on and from that date: (i) as if it had been drawn on or by, or given to, or accepted or endorsed by, the Transferee and (ii) if relevant, as if the place of business at which it is payable were a place of business of the Transferee.
- (c) Any direct debit mandate, standing order or other instruction or authority that are in force on the Relevant Date (including any instruction given to a bank by its customer in the form of a direct debit or standing order) and that are providing for the payment of any sum under or in respect of any of the Customer Contracts or Security Agreements to or by the Transferor shall, from and after the Relevant Date, take effect as if it had provided for and authorised such payment to or by the Transferee.

5.25 Books and records

- (a) The custody of any Document or Business Records, goods or other thing held by the Transferor relating to any part of the Transferring Business, as bailee or custodian or under any similar arrangement shall pass to the Transferee on the Relevant Date, and the rights and obligations of that Transferor under any Contract of bailment, custody or similar arrangement relating to any such Document or Business Record, goods or thing shall on that day become rights and obligations of the Transferee as bailee, custodian or otherwise pursuant to the relevant arrangements in question.
- (b) All books and other documents which would, before the Relevant Date, have been evidence in respect of any matter for or against the Transferor at the Relevant Date and which relate to the Transferring Business, shall be admissible in evidence in respect of the same matter for or against the Transferee after the Relevant Date.
- (c) On and with effect from the Relevant Date, the Bankers' Books Evidence Act 1879 shall apply to any books of the Transferor transferred to, and vested in, the Transferee as a result of this Scheme, and to entries made in those books before the Relevant Date, as if such books were the books of the Transferee.

- (d) For the purposes of section 4 of the Bankers' Books Evidence Act 1879, books so transferred to, and vested in, the Transferee shall be deemed to have been the ordinary books of the Transferee at the time of the making of any entry therein which purports to have been made before the Relevant Date, and any such entry shall be deemed to have been made in the usual and ordinary course of business.
- (e) In paragraphs 5.25(b) to 5.25(d) "books" shall be construed in accordance with section 9(2) of the Bankers' Books Evidence Act 1879 and "documents" has the same meaning as in section 13 of the Civil Evidence Act 1995.

5.26 Conduct of proceedings

- (a) Any regulatory (to the extent lawful), judicial, quasi-judicial or arbitral right of action (including any right of action under any other dispute resolution proceeding), and any such remedy (including, to the extent lawful, regulatory enforcement action and/or the range of penalties or measures that may be available to the applicable regulator) available in consequence thereof:
 - (i) which (and to the extent to which it) accrues, arises or becomes enforceable or available before the Relevant Date by or against the Transferor and which relates to any part of the Transferring Business; or
 - (ii) which (and to the extent to which it) would, in the absence of a transfer pursuant to the Order, accrue, arise or become enforceable or available by or against the Transferor, on or after the Relevant Date and which relates to any part of the Transferring Business,

shall be enforced or availed of by or against the Transferee on or after the Relevant Date.

- (b) Any current, pending or future: (i) regulatory (to the extent lawful), judicial, quasi-judicial or arbitration proceedings; (ii) complaint to any ombudsman; (iii) other proceedings for the resolution of a dispute or Claim; or (iv) other claims or complaints which may be brought in the future including those not yet in contemplation, by or against the Transferor as at the Relevant Date concerning the Transferring Business shall be brought or continued by or against the Transferee without the need for further order and the Transferee shall be entitled to all defences, counterclaims and rights of set-off that would have been available to the Transferor in relation to those proceedings or complaints and the Transferor shall have no Liability under those proceedings or complaints. For the avoidance of doubt, the Transferee may determine to discontinue after the Relevant Date any such proceedings brought by the Transferor.
- (c) Any current, pending or future: (i) regulatory (to the extent lawful), judicial, quasi-judicial or arbitration proceedings; (ii) any complaint to any ombudsman; or (iii) other proceedings for

the resolution of a dispute or Claim; or (iv) other claims or complaints which may be brought in the future including those not yet in contemplation, commenced by or against the Transferor after the Relevant Date concerning the Transferring Business shall as a result of this Scheme be commenced by or against the Transferee. Any such proceedings or complaints after the Relevant Date commenced in error against the Transferor shall be deemed to have been commenced and shall be continued against the Transferee without the need for further order, whether for substitution of parties or otherwise. In any event, the Transferee shall be entitled to all defences, counterclaims and rights of set-off that would have been available to the Transferor in relation to those proceedings or complaints and the Transferor shall have no Liability under those proceedings or complaints.

- (d) Any judgment, order or award obtained by or against the Transferor (including, to the extent lawful, any regulatory order, award or penalty imposed on or made against the Transferor) which relates to any part of the Transferring Business and which is not fully satisfied before the Relevant Date shall, on the Relevant Date, become enforceable by or against the Transferee.

5.27 Confidentiality and data protection

- (a) On and with effect from the Relevant Date, the Transferor and the Transferee shall owe to any Transferring Customer and to any person who had previously been a Customer of the Transferring Business the same duties of confidentiality and privacy (whether pursuant to statute, Contract or common law) as those which the Transferor owed immediately prior to the Relevant Date.
- (b) On and with effect from the Relevant Date, and as between the Transferor and the Transferee in respect of the Transferring Personal Data:
 - (i) the Transferee shall succeed to all rights, Liabilities and obligations of the Transferor;
 - (ii) the Transferee shall become the data controller in place of the Transferor and shall be deemed to have been the data controller of all such Transferring Personal Data at all times when Transferring Personal Data was processed;
 - (iii) any information made available to, or consent obtained or request or other notice received from, a data subject by or on behalf of the Transferor shall be deemed to have been made available to the data subject, or obtained or received, by the Transferee; and
 - (iv) any reference to the Transferor in any such information, consent, request or other notice shall be deemed to include a reference to the Transferee (or to any member of the Transferee's Group, as the case may be).

- (c) Where a Customer has made a Data Subject Request to the Transferor before the Relevant Date and the Transferor has not responded in accordance with the Data Protection Laws before the Relevant Date, the Transferee may respond to the request, in accordance with the Data Protection Laws, including by providing copies of the Transferring Personal Data held by the Transferor immediately before the Relevant Date.
- (d) Nothing in paragraphs 5.27(a) to 5.27(c) (inclusive) shall be deemed to transfer any right to process Transferring Personal Data or to send any direct marketing communication to the extent it would be unlawful under, or inconsistent with, the Data Protection Laws.

5.28 Consent to sharing Data

To the extent that a Transferring Customer is, following the Effective Date, still a Customer of the Transferor (each such Customer being a **Consenting Customer**), each Consenting Customer shall be deemed to have consented to the Transferee and the Transferor sharing Data in respect of that Consenting Customer with each other or any member of the HSBC Group, provided, however, that nothing in this paragraph shall be deemed to permit the sharing of Data other than where it is reasonably necessary to effect the transfer and continuation of the Transferring Business or to the extent it is unlawful under, or inconsistent with, Data Protection Laws.

5.29 Marketing Preferences

On, and with effect from the Effective Date, the Transferee shall have the benefit of the Marketing Preferences of Transferring Customers (other than to the extent unlawful under, or inconsistent with, Data Protection Laws).

5.30 Employees and pensions

- (a) All Contracts of Employment, and all rights, powers, duties, Liabilities and Claims in connection with such Contracts of Employment, will transfer from the Transferor to the Transferee under and in accordance with the provisions of TUPE on the Effective Date.
- (b) No right, Liability or Contract relating to any HSBC Pension Plan shall transfer under this Scheme and accordingly the Transferee shall not, as a result of the Scheme, succeed to any obligation of the Transferor in connection with any HSBC Pension Plan.
- (c) The transfer of the Contracts of Employment will not alter the pension benefits provided under the HSBC Pension Plan prior to the Effective Date, as a flexible apportionment arrangement will transfer all of the liabilities of the Transferor (including any Beckmann liabilities) to the Transferee.

5.31 References

- (a) Any Document, Claim, notice or demand addressed before, on or after the Relevant Date to or by the Transferor in respect of the Transferring Business shall, on and from the Relevant Date, be deemed to have been addressed to or by the Transferee as relevant.
- (b) Subject to paragraph 5.31(d) below, on, and with effect from, the Relevant Date, any references in respect of the Transferring Business or any part of it in an agreement to which the Transferor is a party to (including references in any document which creates rights or obligations of any sort):
 - (i) the Transferor or 'Bank', shall be construed as, and take effect as, a reference to the Transferee;
 - (ii) any reference (however worded and whether express or implied) to the Transferor as the ISA Manager therein shall be substituted with a reference to the Transferee as the ISA Manager;
 - (iii) directors, officers, representatives or employees or to any director, officer, representative or employee of the Transferor, shall be construed as and take effect as a reference to the directors, officers, representatives or employees of the Transferee or to such director, officer, representative or employee of the Transferee as the Transferee may nominate for that purpose;
 - (iv) a rate, charge, tariff or scale of fees or to terms or conditions published, determined, ascertained, varied or amended from time to time by the Transferor shall afford to the Transferee the same right under such Contract, other Document or instrument as the Transferor had to publish, determine, ascertain, vary or amend such rates, charges, tariffs, scales of fees or terms or conditions published, determined, or ascertained; and
 - (v) the sort code and account numbers allocated by the Transferor to each of the Customer Accounts shall be construed as and take effect as references to the sort code and account numbers allocated by the Transferee for each of the Customer Accounts following the Relevant Date. It is not expected that any changes to any Bank Identifiers will be necessary as a result of the Scheme; accordingly all Bank Identifiers will remain the same.
- (c) Without prejudice to the generality of paragraph 5.31(b), on and with effect from a Relevant Date:
 - (i) any offer, or invitation to treat or pre-contractual information relating to a Customer made or given to or by the Transferor in respect of the Future

Business shall be construed and have effect as an offer or invitation to treat made or given to or by the Transferee or pre-contractual information in respect of the Transferee;

- (ii) if a person executes an agreement, undertaking, mortgage instrument, Security or Guarantee or other Document as a result of any offer or invitation to treat referred to in paragraph 5.31(c)(i) which would, when completed, on its face be an agreement with or undertaking, mortgage instrument, Security or Guarantee or Document in favour of the Transferor, such agreement, undertaking, mortgage instrument, Security or Guarantee or other Document shall operate as if it were with or in favour of the Transferee;
 - (iii) paragraph 5.31(b) shall apply in respect of any references to directors, officers, representatives or employees or to any director, officer, representative or employee of the Transferor in or relating to such offer, invitation to treat, agreement, undertaking, mortgage instrument, Security or Guarantee or other Document and any further Document relating thereto (including in insurance policies); and
 - (iv) in respect of the Future Business, any Contract entered into between the Transferee and a third party shall not be found to be unenforceable as a result of any pre-contractual information and/or other Documents having been issued in the name of the Transferor.
- (d) With effect from the Effective Date and notwithstanding that the relevant Contract might be held by the Transferor pursuant to paragraph 4 pending transfer, any references in respect of the Transferring Business or any part of it to any rate, charge, tariff or scale of fees or terms or conditions published by the Transferor from time to time, shall be construed as and take effect as a reference to the corresponding rate, charge, tariff or scale of fees or to terms or conditions published by the Transferee from time to time.

6 Consequences of Vesting

6.1 The transfer and vesting of any Asset, Liability or Contract by virtue of the Order shall not:

- (a) cause any Contract, Security or other thing, or any term of any of them, to be invalid, non-binding, unenforceable, discharged or cancellable; or
- (b) subject to paragraph 3.11, require further registration or amendment of existing registration in respect of any Security or other instrument registered in the UK; or
- (c) constitute a breach of, or default under, or require compliance with any notice or consent provision or require any obligation to be performed sooner or later than would have

otherwise been the case under, any Contract or instrument to which the Transferee or the Transferor is a party or is bound; or

- (d) allow any person to terminate, default or cross-default any Contract, whether an agreement to which the Transferor or Transferee is a party or not, when that party would not otherwise have been able to terminate, default or cross-default it, or to treat any interest or right under that Contract as terminated, defaulted, cross-defaulted or modified; or
- (e) entitle any party to any Contract to which the Transferee or the Transferor is a party to vary the terms of that Contract when that party would not otherwise have been able to vary those terms or confer a right or benefit on that party which that party would not otherwise have had; or
- (f) entitle the Transferor or the Transferee to terminate, default, cross-default, reduce, suspend, delay, alter, discharge or otherwise secure any Contract or Liability where the Transferor or Transferee would not otherwise have been able to do so; or
- (g) affect the enforceability, priority or ranking of any Security; or
- (h) require or deem any representation or warranty to be made or repeated; or
- (i) enable any person to bring a Claim, whether in contract, tort, equity or otherwise, to the extent that they would not otherwise have been able to do so; or
- (j) cause the imposition of any greater or lesser obligation on any party to any Contract to which the Transferor or the Transferee is a party when that greater or lesser obligation would not otherwise have been imposed; or
- (k) constitute breach of, or default under, any court order by any court of any jurisdiction, including so as to render the Transferor in contempt of court; or
- (l) constitute a breach of, or default under, a Customer Contract or Security Agreement or other agreement by the relevant Customer, because the transfer would, but for this paragraph, contravene a negative pledge, or otherwise.

6.2 Residual Assets, Residual Liabilities and Residual Contracts shall, as from their respective Subsequent Transfer Dates, be respectively vested in and owed by the Transferee in all respects on the same terms as if the relevant Assets, Liabilities or Contracts had been transferred by virtue of the Order on the Effective Date.

6.3 If and to the extent that any provision of paragraph 6.1 is not recognised by law in the relevant jurisdiction, the Transferor and the Transferee shall waive any rights, including any right to terminate any Contract or Liability, triggered by the transfer of such Contract to which they are a party or in respect of any Liability owed to them, under this Scheme.

7 Modifications or Additions

- 7.1 The Transferor and the Transferee may consent jointly to make any modification of or addition to this Scheme which, prior to its sanction of this Scheme, the Court may approve.
- 7.2 In relation to any modification or addition to this Scheme which may be proposed to be made after its sanction by the Court, the Transferor and the Transferee shall respectively be at liberty to apply to the Court for consent to amend its terms, provided that in any case the PRA and the FCA have been notified 30 days prior to the application to the Court of and, where required, not objected to the proposed modification or addition within this 30 day notice period and has the right to be heard at any hearing of the Court at which such application is considered.

8 Effective Date

- 8.1 This Scheme shall become operative at 00:01am (UK time) on 1 June 2026 or at such other time and date as the Transferor and the Transferee may agree (being a date and time falling after the making of the Order) and in any case no later than the date referred to in paragraph 8.2.
- 8.2 Unless this Scheme shall become operative in its entirety on or before 00:01am (UK time) on 1 September 2026 or such later date and/or time, if any, as the Court may allow upon the application of the Transferor and the Transferee, it shall lapse.

9 Governing Law

This Scheme shall be governed by and construed in accordance with English law.

.....2026

Schedule 1
Excluded Matters

Part 1
The Excluded Assets

- 1 Any Assets in respect of the Excluded Matters;
- 2 The Statutory Records and the VAT Records;
- 3 Regulatory licences, permissions or waivers;
- 4 Excluded Nostro Account, including any cash therein;
- 5 Any rights and benefits of the Transferor under the Implementation and Transfer Agreement, including the right to receive the purchase price; and
- 6 Any amounts owed to the Transferor by any relevant Tax Authority in respect of Tax relating to the Transferring Business attributable to periods ended on or before, or an event occurring (or deemed to occur) on or before, the Effective Date.

Part 2
The Excluded Liabilities

- 1 Any Liabilities in respect of the Excluded Matters.
- 2 Any provisions in respect of Liabilities of the Transferor in respect of the Excluded Matters;
- 3 All Liabilities of the Transferor under the Implementation and Transfer Agreement;
- 4 Any Liabilities of the Transferor in respect of Tax relating to the Transferring Business attributable to periods ending on or before, or an event occurring (or deemed to occur) on or before, the Effective Date; and
- 5 Any Accounts Payable.

Part 3
The Excluded Contracts

- 1 Any Contract that relates to Excluded Matters;

- 2 All contracts of employment in respect of any employee or past employee of the Transferor, including all Contracts of Employment; any rights and entitlements thereunder (including pension rights), and any Claims arising thereunder;
- 3 All appointment letters between the Transferor and any non-executive directors, including rights and entitlements thereunder and any Claims arising thereunder;
- 4 The Implementation and Transfer Agreement;
- 5 Any Services Agreement;
- 6 The Professional Adviser Engagement Letter;
- 7 The domestic liquidity sub group agreement between, amongst others, the Transferor and the Transferee dated 25 September 2023;
- 8 The capital transfer agreement between, amongst others, the Transferor and the Transferee dated 26 July 2024;
- 9 Any Contract relating to any HSBC Pension Plan, any rights and Liabilities thereunder, and any claims arising thereunder; and
- 10 Excluded Financial Accounting Software Agreements.