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Any party entering into a legal agreement should obtain comprehensive legal advice.

**Pro forma Deed of Guarantee (for bond issues with a trustee)**

## **UK GUARANTEE**

*[insert date]*

**THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY**  
**(as the Guarantor)**

**in respect of**

*[insert description of Guaranteed Bonds]*

**THIS DEED OF UK GUARANTEE** is made on [*insert date*]

**BY**

- (1) **THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY** of 1 Horse Guards Road, London SW1A 2HQ (the **Guarantor**)

**IN FAVOUR OF**

- (2) **THE BENEFICIARY** (as defined below).

**RECITAL**

Pursuant to the Guarantor's UK Guarantees scheme, the Company (as defined below) has requested the Guarantor to provide this guarantee to the Beneficiary of liabilities of the Company under the Guaranteed Bonds (as defined below).

**NOW THIS DEED OF UK GUARANTEE WITNESSES** as follows:

**1. Interpretation**

*Definitions*

- 1.1 In this UK Guarantee the following expressions have the following meanings:

**Account** means, in respect of any payment made by the Guarantor pursuant to this UK Guarantee, the account specified in the relevant Notice of Demand.

**Affected Guaranteed Obligations** means those Guaranteed Obligations (identified in the relevant Notice of Demand) in respect of which a Nonpayment has occurred or will occur, as specified in the relevant Notice of Demand.

**Avoided Payment Amounts** has the meaning given to it in Clause 2.2.

**Beneficiary** means [*insert name*] as trustee for the Holders, and/or any additional or successor trustee appointed pursuant to the Bond Trust Deed and notified to the Guarantor.

**Bond Trust Deed** means the bond trust deed dated on or about the date of this UK Guarantee between the Company and the Beneficiary constituting the Guaranteed Bonds (as modified or supplemented from time to time).

**Business Day** means any day on which banks and other financial institutions are open for business in London [and [*specify others, if applicable*]], but excluding:

- (a) Saturdays, Sundays and public and statutory holidays in England and Wales; and
- (b) privilege days notified by the Guarantor to the Beneficiary at least ten Business Days in advance.

**Company** means [*insert name*].

**Due Date** means, in respect of any Guaranteed Amount, the date upon which such Guaranteed Amount falls due for payment pursuant to the Guaranteed Bonds.

**Due for Payment** means in relation to any Guaranteed Amount, that the Due Date for such Guaranteed Amount has been reached. For the avoidance of doubt, **Due for Payment** does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the Guaranteed Obligations by reason of prepayment (whether mandatory or optional), acceleration of maturity or otherwise.

**Final Release Date** means the date on which all the payment obligations of the Company under the Guaranteed Bonds are irrevocably and unconditionally satisfied in full.

**Guaranteed Amounts** means, with respect to any Due Date, the sum of (without double counting) the following:

- (a) Scheduled Interest; and
- (b) Scheduled Principal.

**Guaranteed Bonds** means the [*insert description of guaranteed bonds*], and (where the context permits) shall include the Bond Trust Deed.

**Guaranteed Obligations** means the payment obligations of the Company in respect of the Guaranteed Amounts owing by the Company and outstanding under the Guaranteed Bonds from the date hereof to the Final Release Date.

**Guarantee Fees** means the guarantee fees payable by the Company in consideration of the issue of this Guarantee, as specified in the fee letter dated on or about the date of this UK Guarantee between the Guarantor [./and] the Company [*insert names of others, if applicable*].

**Holders** means the several persons who are for the time being holders of the Guaranteed Bonds (which, to the extent that the Guaranteed Bonds are represented by a global bond held by a common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall mean such common depositary or common safekeeper).

**Insolvency Act** means the Insolvency Act 1986 of the United Kingdom (as amended, varied, replaced or supplemented from time to time by any Insolvency Law).

**Insolvency Law** means any applicable United Kingdom bankruptcy or insolvency law (including, for the avoidance of doubt, the Insolvency Act).

**Nonpayment** means, as of any Due Date, the failure of the Company to have paid to the Beneficiary or the Holders any Guaranteed Amounts which are due on such Due Date (or which would have been due on such Due Date but for such Guaranteed Amounts having become due prior to such Due Date by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise).

**Notice of Demand** means a notice of demand in writing, in the form set out in the Schedule (or in such other form as the Guarantor and the Beneficiary may agree from time to time) and duly executed by the Beneficiary. For the avoidance of doubt, a demand for payment by the Beneficiary under this UK Guarantee which is not made in the form set out in the Schedule (or in such other form as the Guarantor and the Beneficiary may agree from time to time) shall be void.

**Preference** means:

- (a) a preference pursuant to Section 239 of the Insolvency Act;
- (b) an avoidance of any property disposition pursuant to Section 127 of the Insolvency Act; or
- (c) a transaction at an undervalue pursuant to Section 238 of the Insolvency Act; or

any analogous judgment, declaration, decision or similar pursuant to any Insolvency Law.

**Principal Paying Agent** means [*insert name*] as principal paying agent in respect of the Guaranteed Bonds, or any successor or replacement therefor appointed in accordance with the terms of the Guaranteed Bonds and notified to the Guarantor.

**Receipt** means:

- (a) actual delivery to the Guarantor at the address specified in the form of Notice of Demand in the Schedule (or such other address as the Guarantor may, from time to time, notify to the Beneficiary); or
- (b) receipt by the Guarantor by email at the email address specified in the form of Notice of Demand in the Schedule (or such other email address as the Guarantor may, from time to time, notify to the Beneficiary),

in each case, prior to 12:00 noon (London time) on a Business Day. Delivery or receipt by email (as the case may be) either on a day that is not a Business Day or after 12:00 noon (London time) shall be deemed to be Receipt on the next succeeding Business Day.

**Scheduled Interest** means interest payable by the Company to the Holders or to the Beneficiary for the benefit of the Holders under the Guaranteed Bonds as specified and calculated in accordance with the Guaranteed Bonds (as may be adjusted in accordance with the terms of the Guaranteed Bonds, but disregarding any default interest, any indemnity payments or any prepayment or early redemption penalties) together with any gross-up amounts payable by the Company to the Holders or to the Beneficiary for the benefit of the Holders in accordance with the terms of the Guaranteed Bonds.

**Scheduled Principal** means principal repayable by the Company to the Holders or to the Beneficiary for the benefit of the Holders under the Guaranteed Bonds as specified in the Guaranteed Bonds (as may be adjusted in accordance with the terms of the Guaranteed Bonds, but disregarding any default interest, any indemnity payments or any prepayment or early redemption penalties) together with any gross-up amounts payable by the Company to the Holders or to the Beneficiary for the benefit of the Holders in accordance with the terms of the Guaranteed Bonds.

### ***Construction***

- 1.2 Any reference in this UK Guarantee to a Clause or the Schedule is, unless otherwise stated, to a clause hereof or the schedule hereto.
- 1.3 Any reference in this UK Guarantee to **this UK Guarantee** shall be deemed to be a reference to this UK Guarantee as a whole and not limited to the particular clause, schedule or provision in which the relevant reference appears and to this UK Guarantee as varied, amended, supplemented or substituted from time to time.
- 1.4 The headings in this UK Guarantee are inserted for convenience only and shall be of no legal effect.

- 1.5 Unless the context otherwise requires, words denoting the singular number only shall include the plural and vice versa.

## **2. UK Guarantee**

### *Guaranteed Amounts*

- 2.1 The Guarantor hereby agrees unconditionally and irrevocably to pay to the Beneficiary for the benefit of the Holders any Guaranteed Amounts which have become Due for Payment but which are unpaid by reason of Nonpayment, as if the Guarantor was the principal obligor.

### *Avoided Payment Amounts*

- 2.2 In the event that the Beneficiary has notice that any payments of Guaranteed Amounts which have become Due for Payment and which have been made to the Beneficiary or to any Holder by or on behalf of the Company have been declared (in whole or in part) a Preference and are required to be repaid by the Beneficiary or such Holder pursuant to any Insolvency Law in accordance with a final non-appealable order of a court of competent jurisdiction, the Beneficiary on behalf of the relevant Holders shall be entitled to payment from the Guarantor, upon Receipt by the Guarantor from the Beneficiary of a duly completed Notice of Demand, to the extent of such recovery (such amounts, the **Avoided Payment Amounts**).

## **3. Payments**

### *Time for payment*

- 3.1 Save in respect of Avoided Payment Amounts, the Guarantor shall make payments which are due under this UK Guarantee to the Beneficiary by 4.00pm (London time) on (i) the fourth Business Day following Receipt by the Guarantor of a duly completed Notice of Demand<sup>1</sup> or, if later, (ii) the applicable Due Date (or, if that is not a Business Day, the next succeeding Business Day).
- 3.2 The Guarantor shall make payments in respect of Avoided Payment Amounts which are due under Clause 2.2 to the Beneficiary by 4.00pm (London time) on the fourth Business Day following Receipt by the Guarantor of a duly completed Notice of Demand.

### *Method of payment*

- 3.3 Payments due under this UK Guarantee shall be made by the Guarantor by credit to the Account in the appropriate currency or currencies. Payment in full to the Account shall discharge the obligations of the Guarantor under this UK Guarantee to the extent of such payment, whether or not such payment is properly applied by or on behalf of the Beneficiary or the Principal Paying Agent.

### *Gross up*

- 3.4 All payments by the Guarantor under this UK Guarantee shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or taxing authority therein or thereof, unless the withholding or deduction is required by law. In that event, the Guarantor will pay such additional amounts (if any) as may be necessary in order that the net amounts received by the Beneficiary for the benefit of the Holders after the withholding or deduction shall equal the respective net amounts which would have

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<sup>1</sup> The underlying documents will include the mechanics necessary to enable any potential Shortfall to be identified in advance of the relevant Due Date and notified by the party responsible for calculating the same to the Bond Trustee and for the Bond Trustee to notify the Guarantor and produce the Notice of Demand four Business Days prior to the relevant payment obligation becoming due, such that payment is made on the Due Date. HMT will work with the Beneficiary to ensure that timing provisions function as anticipated.

been receivable under the Guaranteed Bonds (after any applicable withholdings or deductions) from the Company had the Company satisfied its obligations thereunder.

#### **4. Subrogation**

Upon the Guarantor making any payment in respect of any Guaranteed Obligation(s) to the Account pursuant to this UK Guarantee, the Guarantor shall, to the extent of any such payment, be fully and automatically subrogated pursuant to applicable law to all of the Beneficiary's and the Holders' rights to payment of any amounts payable in respect of such Guaranteed Obligation (including without limitation (i) any rights and benefits attached to, and any security conferred or granted by law, contract or otherwise in respect of, the Affected Guaranteed Obligations and (ii) any default interest on any of the Affected Guaranteed Obligations accrued pursuant to the Guaranteed Bonds after the date of payment by the Guarantor).

#### **5. Scope of Guarantee**

This UK Guarantee is not cancellable by the Guarantor for any reason, including the failure of the Guarantor to receive payment of any Guarantee Fees due in respect of this UK Guarantee. The Guarantee Fees are not refundable for any reason. This UK Guarantee does not guarantee any accelerated payment (whether by way of prepayment, acceleration or early redemption of the Guaranteed Bonds or otherwise) nor does it provide protection by way of guarantee or otherwise against any risk other than Nonpayment or in relation to Avoided Payment Amounts, in each case as provided herein.

#### **6. Immediate recourse**

The Guarantor waives any right it may have of first requiring the Beneficiary or any Holder to proceed against or to enforce any other rights or security against or to claim payment from any person before the Beneficiary may claim from the Guarantor under this UK Guarantee. This waiver applies irrespective of any law or any provision of this UK Guarantee or the Guaranteed Bonds to the contrary.

#### **7. Preservation of rights**

##### *Continuing obligations*

- 7.1 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Guaranteed Obligations.

##### *Waiver of defences*

- 7.2 The obligations of the Guarantor under this UK Guarantee shall not in any way be affected by any act, omission, matter or thing which, but for this provision, would reduce, release, diminish or prejudice any of its obligations under this UK Guarantee. In particular (but without limitation), the obligations of the Guarantor under this UK Guarantee shall not be affected by:

- (i) any lack of validity, enforceability or legality of, or any amendment to, any of the Guaranteed Obligations or the Guaranteed Bonds;
- (ii) the granting of any time, consent, waiver or other indulgence or concession by any party to the Company;
- (iii) any insolvency or similar proceedings in relation to the Company or any other person;

- (iv) the existence of any claim, set-off or other right which the Company or the Guarantor may have at any time against the Beneficiary or any other person;
- (v) any incapacity, lack of power, authority or legal personality of or dissolution or change in the members or status of the Company or any other person;
- (vi) any amendment, release, novation, supplement, extension, restatement or replacement of the Guaranteed Bonds however fundamental and of whatsoever nature;
- (vii) the refusal or failure to take up, hold, perfect or enforce by any person any rights under or in connection with any guarantee, indemnity, security or other document (including any failure to comply with any formality or other requirement or any failure to realise the full value of any security); or
- (viii) any other act, omission, event, matter or circumstance which would have discharged or affected the liability of the Guarantor had it been the principal debtor under the Guaranteed Bonds, or anything done or omitted by any person which, but for this provision, might exonerate or discharge the Guarantor or otherwise reduce or extinguish its liability under this UK Guarantee.

## 8. Termination

This UK Guarantee shall terminate upon the last to occur of:

- (a) the payment by the Guarantor of an amount equal to the aggregate amount of all Guaranteed Amounts payable hereunder; and
- (b) the day following the date on which any payment in respect of a Guaranteed Obligation could have been avoided in whole or in part under Insolvency Law,

provided that, if the Company becomes subject to any proceedings or other action pursuant to Insolvency Law (**Insolvency Proceedings**) prior to the occurrence of (a) or (b) above, then this UK Guarantee shall terminate on the last to occur of:

- (i) the date of the final non-appealable conclusion or dismissal of the relevant Insolvency Proceedings without continuing jurisdiction by the court in such Insolvency Proceedings; and
- (ii) if the Beneficiary or a Holder is required to return any payment (or portion thereof) in respect of such Guaranteed Obligation that is declared a Preference as a result of such Insolvency Proceedings, the date on which the Guarantor has made all payments required to be made under the terms of this UK Guarantee to the Beneficiary for the benefit of the relevant Holders in respect of all Avoided Payment Amounts.

## 9. Miscellaneous

This UK Guarantee constitutes the entire agreement between the Guarantor, the Beneficiary and the Holders in relation to the Guarantor's obligation to make payments to the Beneficiary for the benefit of the Holders in respect of Guaranteed Amounts which become Due for Payment but shall have remained unpaid by reason of Nonpayment or Avoided Payment Amounts and supersedes any previous agreement between the Guarantor, the Beneficiary and the Holders in relation thereto.

## 10. Changes to the parties

10.1 The rights and obligations of the Guarantor under this UK Guarantee shall not be assigned, novated or otherwise transferred (whether by virtue of any legislation or any scheme pursuant to any legislation or otherwise) to any person other than to any public body (being a single entity) acquiring the whole of the rights and the obligations of the Guarantor under this UK Guarantee and having the legal capacity, power and authority to become a party to and to perform the obligations of the Guarantor under this UK Guarantee, being:

- (i) a Minister of the Crown pursuant to an Order under the Ministers of the Crown Act 1975;
- (ii) a governmental body or department which has sufficient financial standing or financial resources to perform the obligations of the Guarantor under this UK Guarantee; or
- (iii) any other public body whose obligations under this UK Guarantee are unconditionally and irrevocably guaranteed (in a form reasonably acceptable to the Company) by the Guarantor or a Minister of the Crown having the legal capacity, power and authority to perform the obligations of the Guarantor under this UK Guarantee,

(such entity, the **Incoming Guarantor**).

10.2 A transfer of obligations under this Clause 10 (Changes to the parties) will be effective only if the Incoming Guarantor confirms to the Company and the Beneficiary in form and substance satisfactory to both the Company and the Beneficiary that it is bound by the terms of this UK Guarantee. On the transfer becoming effective in this manner the Guarantor will be released from its obligations under this UK Guarantee to the extent that they are transferred to the Incoming Guarantor.

## 11. Governing law

This UK Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

**IN WITNESS** whereof this UK Guarantee has been executed by the Guarantor, and is intended to be, and is hereby delivered, as a deed poll on the date specified above.



## SCHEDULE

### FORM OF NOTICE OF DEMAND

To: The Lords Commissioners of Her Majesty's Treasury  
1 Horse Guards Road  
London SW1A 2HQ

Attention: *[insert name ]*

Or by email to: *[insert email address]*<sup>2</sup>

#### Deed of Guarantee dated *[insert date]* – Notice of Demand

1. We refer to the Deed of UK Guarantee dated *[insert date]* (the **UK Guarantee**) executed by the Lords Commissioners of Her Majesty's Treasury (the **Guarantor**) in favour of *[name of Beneficiary]* (the **Beneficiary**) in respect of liabilities of *[insert name of Company]* (the **Company**) under *[description of guaranteed bonds]* (the **Guaranteed Bonds**).
2. Unless the context otherwise requires, capitalised terms used in this Notice of Demand and not defined herein shall have the meanings provided in the UK Guarantee.
3. The undersigned, a duly authorised officer of the Beneficiary, hereby certifies to the Guarantor that:
  - (a) the Beneficiary is the Bond Trustee under the Bond Trust Deed for the Holders;
  - (b) **EITHER** the [Beneficiary understands, on the basis of notification received from the Principal Paying Agent, that the deficiency in respect of the Guaranteed Amounts which [are/were] Due for Payment on *[insert Due Date]* (the **Affected Guaranteed Obligations**) [will be/was/is] *[insert applicable currency and amount]* (the **Shortfall**) (and of such Shortfall (i) *[insert amount]* is Scheduled Interest on the Affected Guaranteed Obligations and (ii) *[insert amount]* is Scheduled Principal on the Affected Guaranteed Obligations);]  
**OR** [the Beneficiary or the Holders [has/have] been required to repay *[insert applicable currency and amount]* (the **Avoided Payment Amount**) to the Company on *[insert date]* in connection with a Preference declared or required to be recovered from the Beneficiary or such Holder(s) pursuant to any Insolvency Law in accordance with a final non-appealable order of a court of competent jurisdiction;]
  - (c) the Beneficiary is making a claim under the UK Guarantee for the [Shortfall/Avoided Payment Amount] to be applied to the payment of the Guaranteed Amounts which [are Due for Payment/were paid but found to be a Preference];
  - (d) the Beneficiary agrees that, following payment of funds by the Guarantor, it shall use reasonable endeavours to procure (i) that such amounts are applied directly to the payment of Guaranteed Amounts which [are Due for Payment/were paid but found to be a Preference]; (ii) that such funds are not applied for any other purpose; and (iii) the maintenance of an accurate record of such payments with respect to each Guaranteed Obligation and the corresponding claim on the UK Guarantee and the proceeds thereof (and, for the purposes of (i) and (ii) above, it shall be sufficient if the Beneficiary directs the Guarantor to make payment to the Principal Paying Agent); and

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<sup>2</sup> Or such other address or email address as the Guarantor may from time to time notify to the Beneficiary.

(e) payment should be made by the Guarantor in [*insert currency*] by credit to an account in the name of [*insert name of Beneficiary or Principal Paying Agent*] with [*insert name of bank*], of [*insert address of bank*], Sort Code [*insert sort code*] and Account Number [*insert account number*].

4. The Beneficiary acknowledges that the UK Guarantee provides that, effective as of the date on which the Shortfall or the Avoided Payment Amount (as the case may be) is credited to such account, the Guarantor shall, to the extent of such payment, be fully and automatically subrogated pursuant to applicable law to all of the Beneficiary's and the Holders' rights to payment of any amounts payable in respect of such Shortfall or Avoided Payment Amount (as the case may be) (including, without limitation, (i) any rights and benefits attached to, and any security conferred or granted by law, contract or otherwise in respect of, the Affected Guaranteed Obligations and (ii) any default interest on any of the Affected Guaranteed Obligations accrued pursuant to the Guaranteed Bonds after the date of payment by the Guarantor).
5. This Notice of Demand may be revoked by written notice by the Beneficiary to the Guarantor at any time prior to the date specified in paragraph 3(b) above on which Guaranteed Amounts are Due for Payment to the extent that moneys are actually received in respect of the Guaranteed Obligations prior to such date from a source other than the Guarantor.
6. This Notice of Demand and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

**IN WITNESS WHEREOF** the Beneficiary has executed and delivered this Notice of Demand on [*insert date*].

**[INSERT NAME OF BENEFICIARY]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

**EXECUTION**

**EXECUTED** as a deed by )  
**THE LORDS COMMISSIONERS OF HER** )  
**MAJESTY’S TREASURY** in the )  
presence of )

Two of the Lords Commissioners of Her Majesty’s  
Treasury

Witness: .....

Name: .....

Address: .....

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