

EXECUTION VERSION

DATED 23 JULY 2015

PARAGON MORTGAGES (NO.23) PLC
AS THE ISSUER

CITIBANK, N.A., LONDON BRANCH
AS THE PRINCIPAL PAYING AGENT, THE REFERENCE AGENT AND THE
REGISTRAR

AND

CITICORP TRUSTEE COMPANY LIMITED
AS THE TRUSTEE

AGENCY AGREEMENT

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THIS Agency Agreement is made as a deed on 23 July 2015

BETWEEN:-

- (1) **PARAGON MORTGAGES (NO.23) PLC** (the "**Issuer**" or the "**Company**"), (registered number 9386326), a company incorporated under the laws of England and Wales whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ;
- (2) **CITIBANK, N.A., LONDON BRANCH** (company number FC001835 and branch number BR001018) acting through its London office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as principal paying agent for the Notes referred to below (the "**Principal Paying Agent**", the "**Reference Agent**" and the "**Registrar**", which expression shall, wherever the context so admits, include any successor principal paying agent, reference agent and registrar for the time being appointed under this Agreement); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914), acting through its principal London office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as trustee for the Noteholders referred to below (the "**Trustee**", which expression shall wherever the context so admits, include any other trustee or trustees for the time being of the Trust Deed referred to below).

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Terms defined in:**

- (a) the terms and conditions of the Notes (the "**Conditions**") set out in Schedule 4 to the trust deed to be dated on or about the date hereof and made between the Issuer and the Trustee (the "**Trust Deed**"); or
- (b) in any of the Relevant Documents (as defined in Condition 3)

but not specifically defined in this Agreement shall, unless the context otherwise requires, have the same meanings when used in this Agreement and the recitals above.

1.2 **Other definitions**

In addition, in this Agreement:

"**Agents**" means, in relation to the Issuer, the Principal Paying Agent, the Reference Agent and the Registrar, initially appointed pursuant to this Agreement, or, if applicable, any successors in relation to those roles;

"**Applicable Law**" means any law or regulation including, but not limited to: (a) any domestic or foreign statute or regulation; (b) any rule or practice of any Authority with which any party is bound or accustomed to comply; (c) any agreement entered into by any party with any Authority or between any two or more Authorities; (d) FATCA.

"Authorised Denominations" means, in relation to the Notes, denominations of, in the case of any class of the GBP Notes, £100,000 and in the case of the EUR Notes, €100,000 and in each case in integral multiples of £1,000 in excess thereof in the case of any class of the GBP Notes and €1,000 in the case of any class of the EUR Notes;

"Authority" means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign;

"Clearstream, Luxembourg" means Clearstream Banking, *société anonyme*, or any successor in business thereto;

"Euroclear" means Euroclear Bank S.A/N.V.;

"FATCA" means:

- (a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

"FATCA Compliant Entity" means an entity which may receive payments free of FATCA Withholding.

"FATCA Withholding" means a deduction or withholding required on account of FATCA.

"FCA" means the Financial Conduct Authority or any regulatory authority that may succeed it as a United Kingdom regulator.

"FCA Rules" means the rules established by the FCA in the FCA's Handbook of rules and guidance from time to time.

"ICSD" has the meaning given to it in Schedule 3 (*Duties under the Issuer ICSD Agreement*) of the Agency Agreement;

"Note Legend" has the meaning given to it in paragraph 16 of Schedule 2 (*Regulations concerning the transfer, exchange and registration of the Notes*);

"Noteholder Meeting" means a meeting of Noteholders (whether originally convened or reviewed following an adjournment);

"Paying Agents" means the Principal Paying Agent initially appointed as paying agent pursuant to this Agreement or, if applicable, any additional paying agent or paying agents and any successor paying agents;

"Priority of Payments" means, as applicable, the Revenue Priority of Payments, the Principal Priority of Payments and the Enforcement Priority of Payments (each as defined in Condition 2);

"Specified Office" means, as the context may require, in relation to any of the Agents, the office specified against the name of such Agent in Schedule 1 (*Specified Offices*) or such other specified office as may be notified to the Issuer and the Trustee pursuant to this Agreement; and

"Taxes" means all taxes, levies, imposts, charges, assessments, deductions, withholdings and related liabilities.

1.3 **Successors and assigns**

References in this Agreement to any person shall include references to his successors, transferees and permitted assigns and any person deriving title under or through him.

1.4 **References to legislation include amendments etc**

References in this Agreement to any statute or statutory provision shall be deemed also to refer to any statutory modification or new enactment thereof and to any statutory instruments, orders or regulations made thereunder or under any such re-enactment.

1.5 **References to documents include amendments etc**

References to any document (including this Agreement) shall be deemed to be references to such document as from time to time amended, supplemented, modified or replaced (in whole or in part), but disregarding any amendment, supplement, modification or replacement taking place in breach of the terms of this Agreement or the Trust Deed.

1.6 **Reference to a Note**

Where the context permits, references in this agreement to a **"Note"** shall mean, while any of the Notes are represented by a Global Note, such Global Note, and while any of the Notes are represented by one or more Definitive Notes, such Definitive Notes.

2. **APPOINTMENT OF THE AGENTS**

2.1 **Appointment**

Upon and subject to the terms of this Agreement, the Issuer and, for the purposes of Clause 11 (*Agents to act for Trustee*) only, the Trustee hereby appoint, for the purposes specified in, and to carry out their respective duties under, this Agreement and under the Conditions on a several but not joint basis:

2.1.1 the Principal Paying Agent acting through its Specified Office as principal paying agent in respect of the Notes;

2.1.2 the Reference Agent acting through its Specified Office as reference agent for the purpose of determining interest payable in respect of the Notes; and

2.1.3 the Registrar acting through its Specified Office as registrar for the Notes.

2.2 **Obligations of Agents**

The obligations of the Agents under this Agreement shall be several and not joint.

2.3 **Acceptance of appointment by Registrar, Principal Paying Agent**

Each of the Registrar, the Principal Paying Agent, the Reference Agent accepts its appointment as agent of the Issuer and, for the purpose of Clause 11 (*Agents to act for Trustee*) only, the Trustee in relation to the Notes and agrees to comply with the provisions of this Agreement and to perform its duties under the Conditions.

3. **THE NOTES; AUTHENTICATION**

3.1 **Global Notes**

3.1.1 Each class of Notes will initially be issued and be initially represented by Global Notes in fully registered form.

3.1.2 The initial principal amount of each Global Note relating to a class of the Notes will equal the aggregate initial principal amount of each Note in the class of Notes represented by that Global Note.

3.1.3 Each Global Note shall be substantially in the relevant form set out in Schedule 1 (*Form of Global Notes*) to the Trust Deed.

3.1.4 The Global Notes shall be executed manually or in facsimile by an authorised signatory of the Issuer and authenticated manually by or on behalf of the Registrar on the Closing Date and, in the case of the Class A Notes to be held under the NSS, the Registrar shall transmit each Global Class A Note to the Common Safekeeper (or its nominee) to effectuate each such Global Class A Note on the Closing Date.

3.2 **Definitive Notes**

The Global Notes will be exchangeable for Definitive Notes in the circumstances described therein. If the Issuer is required to deliver Definitive Notes pursuant to the terms of the relevant Global Note and the Trust Deed, each Definitive Note shall:

3.2.1 be printed or typewritten in accordance with all applicable legal and stock exchange requirements;

3.2.2 be in substantially the form set out in Schedule 2 (*Form of Definitive Note*) to the Trust Deed;

3.2.3 be in registered form and, in each case, in an Authorised Denomination;

3.2.4 bear a unique serial number; and

3.2.5 be executed manually or in facsimile by an authorised signatory of the Issuer and authenticated manually by or on behalf of the Registrar.

3.3 **Facsimile signatures on Notes**

The Issuer may use for the purposes of executing any Note, the facsimile signature of any person who at the date of this Agreement was duly authorised to sign the same on behalf of the Issuer, even if at the time of issue of such Note, such person no longer holds (for whatever reason including death) the relevant office and any Note so executed and authenticated will be valid and binding obligations of the Issuer. No Note shall be valid for any purpose until it has been authenticated by or on behalf of the Registrar in accordance with this Agreement and the Trust Deed.

3.4 **Authentication, Effectuation and Deposit of Global Notes**

3.4.1 The Issuer shall, on or prior to the Closing Date, deliver each unauthenticated Global Note to or to the order of the Registrar for authentication in accordance with Clause 3.1 (*Global Notes*).

3.4.2 The Registrar shall, on or about the Closing Date, (i) authenticate each Global Note in accordance with Clause 3.1 (*Global Notes*); (ii) transmit each Global Class A Note electronically to the Common Safekeeper and give effectuation instructions in respect of each such Global Class A Note following its authentication thereof and (iii) instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect the Initial Principal Amount of the Global Notes.

3.4.3 The Global Notes (other than in respect of the Class A Notes) shall be registered in the name of Citivic Nominees Limited as nominee of, and shall be deposited on or about the Closing Date with, the Common Depositary and the Global Notes in respect of the Class A Notes shall be registered in the name of a nominee of, and shall be delivered on or about the Closing Date to the Common Safekeeper.

3.4.4 The Issuer shall also arrange, on written request, for such unauthenticated Global Notes as are required to enable the Registrar to perform its obligations under Clause 6 (*Replacement Notes*) and Clause 9 (*Transfers of Notes*) to be made available to or to the order of the Registrar from time to time.

3.4.5 Participants in Euroclear and Clearstream, Luxembourg shall have no rights under this Agreement with respect to the Global Notes and Euroclear, Clearstream, Luxembourg or their respective nominees may be treated by the Issuer or any Agent as the absolute owner of each Global Note for all purposes under this Agreement.

Notwithstanding the foregoing, nothing in this Agreement shall impair, as between Euroclear and Clearstream, Luxembourg and their respective participants, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

3.5 **Availability of Definitive Notes**

If the Issuer is required to deliver Definitive Notes pursuant to the terms of the Global Notes and the Trust Deed, the Issuer shall promptly arrange for a stock of Definitive

Notes (both bearing and not bearing the Note Legend, and, in either case, unauthenticated and with the names of the registered holders left blank but otherwise complete and executed on behalf of the Issuer) to be made available to or to the order of the Registrar by the date falling 30 days after the occurrence of the relevant event as set out in Clause 3.2 (*Issue of Definitive Notes*) of the Trust Deed for authentication in accordance with Clause 3.2 (*Definitive Notes*). The Issuer shall also arrange for such Definitive Notes as are required to enable the Registrar to perform its respective obligations under Clause 5 (*Exchanges of Global Notes and Delivery of Definitive Notes*), Clause 6 (*Replacement Notes*) and Clause 9 (*Transfers of Notes*) to be made available to or to the order of the Registrar from time to time.

3.6 Election of Common Safekeeper

The Issuer hereby authorises and instructs the Registrar to elect an ICSD to be Common Safekeeper for the Class A Notes. From time to time, the Issuer and the Registrar may agree to vary this election. The Issuer acknowledges that in connection with the election of either of the ICSDs as Common Safekeeper any such election is subject to the right of the ICSDs to jointly determine that the other shall act as Common Safekeeper in relation to any such issue and agrees that no liability shall attach to the Registrar in respect of any such election made by it.

4. DUTIES OF AGENTS

4.1 Duties of the Reference Agent

The Reference Agent shall perform such duties at its Specified Office as are set forth in this Agreement and in the Conditions and such other duties as are reasonably incidental thereto at the request of the Issuer or the Registrar or the Paying Agents (or for the purposes of Clause 11 (*Agents to act for the Trustee*), the Trustee) and agrees to comply with the provisions of Condition 4 (*Interest*). In particular and save as provided in this Agreement, the Reference Agent shall:

- 4.1.1 as soon as practicable at or about the Quotation Time in relation to each class of Notes on each Interest Determination Date relating to that class of Notes determine the Rate of Interest for that class of Notes for the relevant Interest Period and the Interest Payment in respect of each Note in that class of Notes on the Interest Payment Date falling at the end of such Interest Period, in each case in accordance with the Conditions;
- 4.1.2 promptly after determining the Rate of Interest applicable to each class of Notes for any period or the Interest Payment in respect of each Note in that class of Notes for any date in accordance with the Conditions, cause the Rate of Interest in respect of such class of Notes, the Interest Payment in respect of each Note in that class of Notes and the Interest Payment Date falling at the end of the relevant Interest Period to be notified to the Issuer, the Trustee, the Registrar, each Paying Agent, the Administrator and the London Stock Exchange (or other stock exchange or, as the case may be, listing authority that it may be notified of pursuant to Clause 4.2 (*Listing*)), specifying the rates upon which the same are based and (where relevant) the names of the banks quoting such rates;

- 4.1.3 cause notice of the Rate of Interest and Interest Payments in respect of each class of Notes for each Interest Period and the related Interest Payment Date to be notified to the London Stock Exchange or any other stock exchange or, as the case may be, listing authority that it may be notified of pursuant to Clause 4.2 (*Listing*) and to be published in accordance with the Conditions;
- 4.1.4 save as expressly provided otherwise, carry out all other relevant calculations (if any) which the Conditions contemplate are to be carried out by the Reference Agent; and
- 4.1.5 maintain such records of the quotations obtained and all rates determined and all calculations made by it under this Agreement and the Conditions and make such records available for inspection at all reasonable times by the Issuer, the Administrator, the other Agents and the Trustee.

4.2 **Listing**

The Notes, on issue, are expected to be admitted to the Official List of the UK Listing Authority and to be admitted to trading on the London Stock Exchange. The Issuer will advise the Reference Agent and the Trustee in writing if such listing is withdrawn or if the Notes become listed by any other listing authority or, as the case may be, admitted to trading on any other stock exchange.

4.3 **Duties of the Registrar**

The Registrar shall hold or shall procure the holding in safe custody of any unauthenticated Global Notes delivered to it in accordance with Clause 3.4 (*Authentication, Effectuation and Deposit of Global Notes*) and any Definitive Notes delivered to it in accordance with Clause 3.5 (*Availability of Definitive Notes*) and shall ensure that such Global Notes and Definitive Notes are authenticated and delivered only in accordance with the terms of this Agreement, the Trust Deed, the Global Notes and the Conditions.

4.4 **Authority to authenticate**

The Registrar or its designated agent is authorised and instructed by the Issuer to (i) authenticate the Notes as may be required to be authenticated under this Agreement by the signature of any of its officers or any other person duly authorised for the purpose by the Registrar and (ii) to transmit any Class A Notes electronically to the Common Safekeeper and to give effectuation instructions in respect of the Class A Notes following its authentication thereof.

5. **EXCHANGES OF GLOBAL NOTES AND DELIVERY OF DEFINITIVE NOTES**

5.1 **Exchange of Global Notes for Definitive Notes and Delivery of Definitive Notes**

- 5.1.1 A Global Note may only be exchanged for Definitive Notes in the circumstances set forth in the Global Note and set out in clause 3.2 (*Issue of Definitive Notes*) of the Trust Deed.

- 5.1.2 If any Global Note becomes exchangeable for Definitive Notes in accordance with its terms, the Registrar shall, subject to its having received any certificates required by the terms of the relevant Global Note, against surrender of such Global Note to it or to its order, authenticate and deliver in accordance with this Agreement, the Global Notes, the Conditions and the Trust Deed, Definitive Notes, provided that in no circumstances shall the Principal Liability Outstanding of such Definitive Notes exceed the Principal Liability Outstanding of the relevant Global Note.
- 5.1.3 The Definitive Notes so issued in exchange for any Global Note shall be issued in such names as the Issuer and the Common Depositary or, as the case may be, the Common Safekeeper (based on the instructions of Euroclear and Clearstream, Luxembourg) shall instruct the Registrar and the Registrar shall, in accordance with this Agreement, the Global Notes, the Conditions and the Trust Deed, deliver or cause to be delivered to the persons designated in such instructions Definitive Notes of the relevant class in the appropriate principal amounts and the Registrar will enter the names and addresses of such persons on the Register.
- 5.1.4 Definitive Notes issued in exchange for a Global Note pursuant to this Clause 5.1 shall bear the Note Legend and shall be subject to all restrictions on transfer contained therein to the same extent as the Global Note so exchanged.

5.2 Exchange of Global Notes

Global Notes may also be exchanged or replaced, in whole or in part, as provided in Clause 6 (*Replacement Notes*). Every Global Note authenticated, (in the case of each Global Class A Note) effectuated and delivered in exchange for, or in lieu of, another Global Note or any portion thereof, pursuant to Clause 6 (*Replacement Notes*) hereof, shall be authenticated, (in the case of each Global Class A Note) effectuated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Global Note other than as provided in this Clause 5.

6. REPLACEMENT NOTES

6.1 Delivery of Replacements

Subject to and in accordance with this Clause 6 and Condition 11 (*Replacements of Notes*) and receipt of replacement Global Notes and/or Definitive Notes (as the case may be), the Registrar shall upon and in accordance with the instructions of the Issuer (which instructions may, without limitation, include such terms as to the payment of expenses and as to evidence, security and indemnity as the Issuer and the Registrar may reasonably require and otherwise as required by Condition 11 (*Replacements of Notes*), as necessary), complete, authenticate, (in the case of each Global Class A Note) effectuate and deliver, or procure the authentication, (in the case of each Global Class A Note) effectuation and delivery on their behalf of, a Global Note or, as the case may be, a Definitive Note, as a replacement for (and being a Note in the same form as) the relevant Global Note or, as the case may be, Definitive Note which the Issuer has determined to issue as a replacement for any Global Note or Definitive Note which has been mutilated or defaced or which is alleged to have been destroyed, stolen or lost and the Registrar shall, in addition, as promptly as is practicable, enter

such details on the Register; *provided, however, that* the Registrar shall not deliver any Global Note or Definitive Note as a replacement for any Global Note or Definitive Note which has been mutilated or defaced otherwise than against surrender of the same and shall not issue any replacement Global Note or Definitive Note until the applicant has furnished the Issuer or Registrar, as the case may be, with such evidence and indemnity as the Issuer and the Registrar (as the case may be) may reasonably require and has paid such costs and expenses as may be incurred in connection with such replacement.

6.2 Replacements to be numbered

Each replacement Global Note or Definitive Note delivered under this Agreement shall bear a unique serial number.

6.3 Cancellation and destruction

The Registrar shall cancel and destroy each mutilated or defaced Note surrendered to it in respect of which a replacement has been delivered and the Registrar shall, in addition, as promptly as is practicable, enter such details on the Register.

6.4 Destruction by Common Safekeeper

The Registrar may instruct the Common Safekeeper to destroy a mutilated or defaced Class A Note or Class A Note in registered definitive form in which case, upon receipt of confirmation of destruction by the Common Safekeeper, the Registrar shall furnish the Issuer with a copy of the confirmation of destruction received by it from the Common Safekeeper.

6.5 Notes delivered electronically to the Common Safekeeper

Where it has delivered each authenticated Global Class A Note to the Common Safekeeper for effectuation using electronic means, the Registrar is authorised and instructed to destroy each authenticated Global Class A Note retained by it following its receipt of confirmation from the Common Safekeeper that each Global Class A Note has been effectuated.

6.6 Notification

The Registrar shall notify the Issuer, the other Agents and the Trustee of the delivery by it in accordance herewith of any replacement Note, specifying the serial number thereof and the serial number (if any and if known) of the Note which it replaces and confirm (if such is the case) that the Note which it replaces has been cancelled or destroyed.

6.7 Supply of replacement Definitive Notes

The Issuer shall, where Definitive Notes have been issued, cause a sufficient quantity of additional Notes to be made available, upon request, to the Registrar for the purpose of issuing replacement Notes as provided in this Agreement.

7. PAYMENTS TO THE PAYING AGENTS

7.1 Issuer to pay the Principal Paying Agent

7.1.1 In order to provide for the payment of interest and principal in respect of the Notes as the same becomes due and payable in accordance with the Conditions and the Trust Deed, the Issuer shall pay to the Principal Paying Agent or otherwise cause the Principal Paying Agent to receive on or before the date on which such payment becomes due, an amount which is equal to the amount of principal and interest then falling due in respect of the Notes on such Interest Payment Date.

7.1.2 The Principal Paying Agent acknowledges and agrees that the Issuer may from time to time arrange for the Currency Swap Provider to pay amounts due by the Currency Swap Provider to the Issuer under the Currency Swap Agreement directly to the Principal Paying Agent to provide for the payment of interest and principal in respect of the Class A1 Notes.

7.2 Manner and Time of Payment

7.2.1 The Issuer shall, not later than 12.30 p.m. (London time) on each Interest Payment Date, or other date on which any payment of principal and interest in respect of the Notes becomes due, unconditionally pay or cause to be unconditionally paid to the Principal Paying Agent by credit transfer such amounts in the relevant Note Currency as the case may be, in immediately available funds or, as the case may be, same day freely-transferable funds as may be required for the purpose of paying interest and (to the extent applicable) principal under the Notes (after taking account of any cash then held by the Paying Agents and available for the purpose), such amounts to be paid to the credit of such accounts of the Principal Paying Agent with such banks as shall be notified to the Issuer, the Administrator and to the Trustee by the Principal Paying Agent in writing not less than two weeks before the first payment is due to be made to the Noteholders.

7.2.2 The Principal Paying Agent shall notify the Issuer, the Administrator and/or the Trustee in writing, 15 Business Days prior to any change of those accounts, or any of them.

7.2.3 Such amounts received by the Principal Paying Agent under this Clause 7.2 shall be held in separately designated accounts for payment to the Noteholders and, failing such payment within the designated periods of prescription specified in Condition 8 (*Prescription*) or upon the bankruptcy, insolvency, winding up or liquidation of the Principal Paying Agent or default being made by the Principal Paying Agent in the payment of any amounts in respect of principal or interest in accordance with this Agreement, on trust for repayment to the Issuer, subject as provided in Clause 8.6 (*Repayment of undisbursed funds to Issuer*). Upon such repayment to the Issuer in accordance with Clause 8.6 (*Repayment of undisbursed funds to Issuer*) such trust with respect to such funds shall terminate and all liabilities of the Principal Paying Agent with respect thereto shall cease. The Principal Paying Agent shall be entitled to

retain for its own account any interest earned on the sums from time to time credited to the separate accounts referred to in this Clause 7.2.

7.3 Confirmation of Amounts Payable in respect of the Notes

The Issuer shall by not later than 2.00 pm (Local time) the second Business Day before each Interest Payment Date, or other date on which any payment is due under Clause 7.2 (*Manner and Time of Payment*), notify, or procure the notification by the Administrator or other person on behalf of the Issuer to, the Principal Paying Agent, the Trustee and the Registrar of the amount of interest and/or principal (as the case may be) payable to Noteholders in accordance with the Conditions in respect of each class of the Notes on the Interest Payment Date, or other date in question and the apportionment of such amount as between principal and interest. All such amounts shall be payable subject to and in accordance with the applicable Priority of Payments.

7.4 Exclusion of Liens and Interest

Save as expressly provided otherwise in this Agreement, the Paying Agents shall be entitled to deal with each amount paid to them under this Clause 7 in the same manner as other amounts paid to them as bankers by their customers and not as trustee (and therefore shall not be subject to the FCA Rules); *provided, however, that:*

7.4.1 they shall not exercise against the Issuer any lien, right of set-off or similar claim in respect thereof;

7.4.2 they shall not be liable to any person for interest thereon;

7.4.3 funds received by the Paying Agents for the payment of any sums due in respect of any Notes shall be segregated only to the extent required by law and the Paying Agents shall not be liable to account to the Issuer for any profits made by any Paying Agent's use as banker of such funds; and

7.4.4 in the event that any Paying Agent becomes insolvent, the Client Money Distribution Rules will not apply and the Issuer will not be entitled to share in any distribution under the Client Money Distribution Rules.

7.5 Application by Paying Agents

The Paying Agents shall apply (or direct or cause the application of) each amount paid to them under this Clause 7 in accordance with Clause 8 (*Payments to Noteholders*) and shall not be obliged to repay any such amount other than as provided in this Agreement or unless the claim for the relevant payment becomes void under the Conditions in which event they shall repay to the Issuer such portion of such amount as relates to such payment, by paying the same by credit transfer in the relevant Note Currency as the case may be, to such account with such bank as the Issuer has by notice to the Paying Agents specified for the purpose.

7.6 Notification if Funds Not Received on Interest Payment Date

Each Paying Agent shall forthwith notify the Issuer, the Administrator, the Trustee and the other Agents if it has not, by the due date of payment to it specified in Clause

7.2 (*Manner and Time of Payment*), received unconditionally the full amount required for any payment.

7.7 Notice of payments by Principal Paying Agent to others

The Principal Paying Agent shall forthwith notify by telex or facsimile (if appropriate) the other Paying Agents (if any) and the Trustee if the full amount payable for any payment of principal or interest in respect of the Notes shall not have been unconditionally received by it or to its order in accordance with this Agreement (or if the amount of interest payable on the Class B Notes, the Class C Notes and the Class E Notes as a result of the application of Condition 4(b) is less than it would have been had such Condition not applied).

7.8 Reimbursement by Principal Paying Agent to other Paying Agents

The Principal Paying Agent shall on demand promptly reimburse the other Paying Agents (if any) for payments of principal and interest properly made by them in accordance with the Conditions and this Agreement. The Issuer shall not be concerned with the apportionment of any moneys between the Principal Paying Agent and the other Paying Agents (if any) and payment to the Principal Paying Agent of any moneys due to the Paying Agents shall operate as a good discharge to the Issuer in respect of such moneys.

7.9 Notice of late payments by Principal Paying Agent

If the Principal Paying Agent has not received on the due date for any payment of principal or of interest in respect of the Notes or any class of them the full amount of principal and interest then payable on such Notes in accordance with the relevant Conditions but receives such full amount later, it shall:

7.9.1 forthwith upon such full receipt so notify the other Paying Agents (if any) and the Trustee; and

7.9.2 as soon as practicable after such full receipt give due notice, in accordance with Condition 12 (*Notices*) (unless the Trustee agrees otherwise), to the relevant Noteholders that it has received such full amount.

8. PAYMENTS TO NOTEHOLDERS

8.1 Payments in respect of Notes

Each Paying Agent acting through its Specified Office shall make payments of interest and principal in respect of the Notes in accordance with the Conditions and so long as the Notes are evidenced by Global Notes, the terms thereof, *provided, however, that*:

8.1.1 no Paying Agent will make any payment of interest or principal in respect of any class of the Notes in an amount which is greater than the amount of interest or principal payable in accordance with the Conditions in respect of such class of Notes and notified to the Paying Agents in accordance with Clause 7.3 (*Confirmation of Amounts Payable in respect of the Notes*);

- 8.1.2 while the Notes of any class continue to be represented by Global Notes, all payments of principal or interest (as the case may be) due in respect of such Notes will be payable to, or to the order of Euroclear, Clearstream, Luxembourg or their nominee;
- 8.1.3 if any Note is presented or surrendered for payment to any Paying Agent and such Paying Agent has delivered a replacement therefor or has been notified that the same has been replaced, such Paying Agent shall as soon as is reasonably practicable notify the Issuer in writing of such presentation or surrender and shall not make payment against the same until it is so instructed by the Issuer and has received the amount to be so paid;
- 8.1.4 each Paying Agent shall cancel each Note against presentation and surrender of which it has made full payment and shall deliver each such Note so cancelled by it to the Registrar;
- 8.1.5 all payments in respect of the Notes will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as and then only to the extent required by Applicable Law, in which case each Paying Agent shall be entitled to make such deduction or withholding from any payment which it makes under this Agreement. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay any additional amounts in respect thereof; and
- 8.1.6 a Paying Agent shall not be obliged (but shall be entitled) to make payments of principal or interest if it has not received the full amount of any payment due to it under Clause 7 (*Payments to the Paying Agents*).

8.2 Registrar Notification

The Registrar will notify the Paying Agents, not later than five days after each Record Date, of the names of all Noteholders appearing in the Register on the Record Date and the addresses of such Noteholders to which Cheques should be posted and whether any Noteholder has elected to receive payments by transfer to a bank account and, if so, the relevant details of such bank account and the Registrar and the Paying Agents shall make or shall procure that payments of interest and principal in respect of the Notes will be made in accordance with Condition 6 (*Payments*) either by Cheque posted to the Record Address or, if the Noteholder has so elected in accordance with the Conditions, by transfer to the relevant Permitted Account, as the case may be; provided that no payment in respect of any Notes will be made on the final date for redemption or payment, or such earlier date as the relevant Notes may become repayable or payable, in whole unless the Registrar confirms to the Paying Agents that the relevant Note has been surrendered to it.

8.3 Partial Payments

- 8.3.1 If at any time and for any reason a Paying Agent makes a partial payment in respect of any Global Note or any Definitive Note presented for payment to it, such Paying Agent shall endorse thereon a statement indicating the amount and the date of such payment.

8.3.2 In addition, if, on any due date for payment, less than the full amount of any principal or interest is paid in respect of the Notes, the Registrar will note on the Register a memorandum of the amount and date of any payment then made and, if a Global Note or Definitive Note is presented for payment in accordance with the Conditions and no payment is then made, the date of presentation of such Global Note or Definitive Note.

8.4 Appropriation by Paying Agent

If any Paying Agent makes any payment in accordance with Clause 8.1 (*Payments in respect of Notes*), it shall be entitled to appropriate for its own account out of the funds received by it under Clause 7.1 (*Issuer to pay the Principal Paying Agent*) an amount equal to the amount so paid by it.

8.5 Reimbursement by Issuer

If any Paying Agent makes a payment in respect of the Notes at any time at which the relevant Paying Agent has not received the full amount of the relevant payment due to it under Clause 7.1 (*Issuer to pay the Principal Paying Agent*) and that Paying Agent is not able out of the funds received by it under Clause 7.1 (*Issuer to pay the Principal Paying Agent*) to reimburse such Paying Agent therefor by appropriation under Clause 8.4 (*Appropriation by Paying Agent*), the Issuer shall from time to time on written demand pay to that Paying Agent for the account of such Paying Agent:

8.5.1 the amount so paid out by such Paying Agent and not so reimbursed to it; and

8.5.2 interest on such amount from the date on which such Paying Agent made such payment until the date of reimbursement of such amount,

provided, however, that any payment under paragraph (a) above shall satisfy *pro tanto* the Issuer's obligations under Clause 7.1 (*Issuer to pay the Principal Paying Agent*) and provided, further, that interest shall accrue for the purpose of paragraph (b) (as well after as before judgment) on the basis of a year of 365 days and the actual number of days elapsed and at a rate per annum specified by the Paying Agents as reflecting its cost of funds for the time being in relation to the unpaid amount.

8.6 Repayment of undisbursed funds to Issuer

Forthwith upon any entitlement of any Noteholder to receive principal or interest becoming void pursuant to the relevant Conditions the Principal Paying Agent shall repay to the Issuer on demand the amount which would have been due in respect of such principal or interest if such amount had been paid before such entitlement became void, together with the fees applicable thereto (pro rated as to the amount and time) to the extent already paid pursuant to Clause 12 (*Fees and Expenses*). Notwithstanding the foregoing the Principal Paying Agent shall not be obliged to make any repayment to the Issuer so long as any amounts which should have been paid to or to the order of the Principal Paying Agent or, if applicable, the Trustee by the Issuer shall remain unpaid.

8.7 Optional redemption of class(es) of Notes

- 8.7.1 If the Issuer intends to redeem all (but not some only) of the Notes in the same class prior to their respective stated maturity date pursuant to Condition 5(d) (*Redemption for Taxation or Other Reasons*) or 5(e) (*Optional Redemption in Full*), it shall give not less than 10 days' advance notice thereof to the Principal Paying Agent and the Trustee, prior to giving the requisite period of notice to the relevant Noteholders in accordance with the relevant paragraphs of Condition 5 (*Redemption and Purchase*) and specifying the Principal Liability Outstanding of the Notes (less in the case of the Class A1 Notes, any Swap Termination Principal Shortfall Amounts (as defined in Condition 5(b) of the Notes)), the principal payment in relation to each Note to be paid and the date on which such Notes are to be redeemed.
- 8.7.2 The Principal Paying Agent shall, on receipt of such notice, give notice to Euroclear and Clearstream, Luxembourg of such intention to redeem, specifying the Principal Liability Outstanding of the Notes (less in the case of the Class A1 Notes, any Swap Termination Principal Shortfall Amounts (as defined in Condition 5(b) of the Notes)), the Principal Payment in relation to each Note to be paid and the date on which such Notes are to be redeemed and shall promptly and in accordance with the relevant Conditions on behalf of and at the expense of the Issuer publish the notices required in connection with such redemption.

9. TRANSFERS OF NOTES

9.1 Authentication and Delivery of Definitive Notes

The Registrar shall authenticate and deliver, or cause its designated agent to authenticate and deliver, any Definitive Note issued upon a transfer in accordance with this Agreement and the Conditions.

9.2 Maintenance of Register

- 9.2.1 The Registrar shall maintain the Register at its Specified Office or at such other place as the Trustee may approve in writing, in accordance with the Conditions.
- 9.2.2 The Register shall show the Principal Liability Outstanding of each Note, the serial numbers thereof and the respective dates of issue of the related Note(s) and all subsequent transfers, cancellations and replacements thereof and the names and addresses of the initial holders thereof and the dates of all transfers and changes of ownership thereto and the names and addresses of all subsequent holders of such Notes.
- 9.2.3 The Registrar shall make the Register available to the Issuer, the Administrator, the Trustee, the other Agents or any person authorised by any of them at all reasonable times during its office hours for their inspection and for the taking of copies thereof or extracts therefrom and the Registrar shall deliver to such persons all such lists of Noteholders, their addresses and holdings as they may request.

9.3 **Registration of transfers in the Register**

The Registrar shall make available forms of transfer and receive requests for the transfer of Notes and shall make the necessary entries in the Register to record all transfers in each case subject to and in accordance with the Notes, the Conditions, the Regulations and the Trust Deed. In particular the Registrar shall, subject to and in accordance with the Conditions and the Regulations, within such period of time as is set out in the Conditions after the receipt by it of the relevant Notes duly endorsed for transfer, authenticate and issue the duly dated and completed new Note(s) and deliver the new Note(s) in the name of the transferee at its Specified Office or (at the risk of the transferee) send the new Note(s) by mail to such address as may be specified in the form of transfer and make all necessary entries on the Register to record such transfer.

9.4 **Closed Period**

No transfer shall be registered for a period of 15 days immediately preceding any due date for payment of principal or interest in respect of the Notes or, as the case may be, the due date for redemption, or as the case may be, payment of any of the relevant Notes.

9.5 **Registrar to receive requests for transfers of Notes**

9.5.1 The Registrar shall receive requests for the transfer of Notes in accordance with the Conditions and the Regulations and assist, if required, in the issue of new Notes to give effect to such transfers and, in particular, upon any such request being duly made, shall note the following:

- (a) the Principal Liability Outstanding of the Notes to be transferred;
- (b) the name(s) and addressees to be entered on the Register of the holder(s) of the new Note(s) to be issued in order to give effect to such transfer; and
- (c) the place and manner of delivery of the new Note(s) to be delivered in respect of such transfer.

9.5.2 The Registrar shall maintain in safe custody all Notes delivered to and held by it under this Agreement and shall ensure that Notes are transferred only in accordance with the Conditions, the Regulations, this Agreement and the Trust Deed.

9.6 **Regulations**

9.6.1 In the event that Definitive Notes with respect to the Notes are required to be issued, the Registrar shall (after consultation with the Issuer, the Paying Agents and the Trustee) promulgate reasonable regulations concerning the carrying out of their respective duties (the "**Regulations**"), including the carrying out of transfers and exchanges of Notes and the forms and evidence to be proved.

9.6.2 All such transfers and exchanges will be made subject to the Regulations.

- 9.6.3 The initial Regulations are set out in Schedule 2 (*Regulations concerning the transfer, exchange and registration of the Notes*).
- 9.6.4 The Regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee, which approval shall not be unreasonably withheld or delayed.
- 9.6.5 A copy of the current Regulations will be sent by the Registrar to any holder of a Note who so requests.

10. MISCELLANEOUS DUTIES OF THE AGENTS

10.1 Maintenance of Records

10.1.1 Each of the Agents shall maintain records of all documents received by it in connection with its duties under this Agreement and shall make such records available for inspection at all reasonable times by the Issuer, the Administrator, the Trustee and the other Agents.

10.1.2 In particular, the Registrar shall:

- (a) maintain a full and complete record of all Notes delivered under this Agreement and of their exchange, transfer, redemption, payment, partial payment, cancellation, mutilation, defacement, alleged destruction, theft, loss or, as the case may be, replacement (including all replacement Notes issued in substitution for any lost, stolen, mutilated, defaced or destroyed Notes);
- (b) make such records available for inspection at all reasonable times by the Issuer, the Administrator, the Trustee and the other Agents;
- (c) make copies of this Agreement, the Trust Deed and the Deed of Charge available for inspection at its Specified Office at all reasonable times;
- (d) as an agent of the Issuer, comply with all tax information reporting, withholding and backup withholding provisions of relevant jurisdictions, including the United States, with respect to payments payable by the Agent pursuant to the provisions herein; and
- (e) ensure that, in its capacity as an Agent of the Issuer, it will not engage in any activities in the United States (directly or through agents) that would cause the Issuer to be engaged or deemed to be engaged in a trade or business within the United States as determined under the United States income tax principles.

10.2 Cancellation

The Paying Agents or the Registrar (as the case may be) shall:

- 10.2.1 procure that all Notes surrendered or delivered to it as (i) redeemed in full, (ii) mutilated or defaced, surrendered and replaced pursuant to the Conditions, or (iii) exchanged, shall forthwith be cancelled on behalf of the Issuer;
- 10.2.2 keep a record of the Principal Liability Outstanding of the Notes, and the serial numbers of the Notes, which are so cancelled by it; and
- 10.2.3 notify the other party or parties (i.e. the Paying Agents or the Registrar (as the case may be)) of all action taken pursuant to Clause 10.2.1 and 10.2.2.

10.3 **Information from Agents**

The Agents shall make available to the other Agents such information as is reasonably required for the maintenance of the records referred to in Clause 10.1 (*Maintenance of Records*).

10.4 **Right to Disclose Information**

The Agents will treat information relating to or provided by the Issuer as confidential, but (unless consent is prohibited by law or would result in the breach by the Issuer of any law or regulation including, but not limited to, any data protection or data privacy laws) the Issuer consents to the processing, transfer and disclosure by the Agents of any information (other than personal data) relating to or provided by the Issuer to any agents of the Agents and third parties (including service providers) selected by any of them, wherever situated (together, the "**Authorised Recipients**"), for confidential use (for compliance with FATCA) provided that the Agents have ensured or shall ensure that each such Authorised Recipient to which it provides such confidential information is aware that such information is confidential and should be treated accordingly. The Agents and any agent or third party referred to above may also transfer and disclose any such information as is required by, or to, any court, legal process, FATCA or Authority, including any payor or payee as required by FATCA.

10.5 **Certifications**

Each Paying Agent shall promptly copy to the Issuer, any other Paying Agent and the Trustee any certifications received by it in accordance with or otherwise in relation to the Notes.

10.6 **Forwarding of Communications**

Each Agent shall promptly forward to the Issuer and the Trustee a copy of any notice or communication addressed to the Issuer or the Trustee by any Noteholder and which is received by such Agent.

10.7 **Safe Custody of Notes**

The Registrar shall maintain in safe custody all Notes delivered to it and held by it under this Agreement.

10.8 **Publication and Delivery of Notices**

The Registrar shall, upon and in accordance with the instructions of the Issuer and the Trustee, arrange for the publication and delivery in accordance with the Conditions of any notice which is to be given to the Noteholders and shall promptly supply two copies thereof to the Trustee, the other Agents, the London Stock Exchange or other stock exchange on which the Notes are then listed, (if any) and any Clearing System.

10.9 **Destruction**

The Registrar may destroy each Note which has been cancelled and delivered to it in accordance with the terms of this Agreement, in which case it shall promptly furnish the Issuer and the Trustee, on request, a certificate as to such destruction, specifying the reason for such destruction and the serial numbers of the relevant Note.

10.10 **Forms of Proxy and Block Voting Instructions**

10.10.1 In the event of a Noteholder Meeting, the Registrar shall, at the request of any Noteholder in accordance with the Trust Deed, make available uncompleted and unexecuted Forms of Proxy and issue Block Voting Instructions in a form and manner which comply with the provisions of Schedule 3 (*Provisions for Meetings of Noteholders*) to the Trust Deed (except that it shall not be required to issue the same less than forty-eight hours before the time for which the Noteholder Meeting or the poll to which the same relates has been convened or called).

10.10.2 The Registrar shall keep a full record of completed and executed Forms of Proxy and Block Voting Instructions issued or received by it and will give to the Issuer and the Trustee not less than twenty-four hours before the time appointed for any Noteholder Meeting or adjourned Noteholder Meeting, full particulars of duly completed Forms of Proxy received by it and of all Block Voting Instructions issued by it in respect of such Noteholder Meeting or adjourned Noteholder Meeting.

10.11 **Additional Duties of the Registrar**

If Definitive Notes are required to be delivered pursuant to the terms of any Global Note and the Trust Deed, the Registrar shall:

10.11.1 five Business Days prior to each Interest Payment Date notify the Issuer, the Administrator and the other Agents of the aggregate GBP Equivalent Principal Liability Outstanding of the relevant Notes;

10.11.2 receive any document relating to or affecting the title to any Definitive Notes including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney and maintain proper records of the details of all documents received;

10.11.3 prepare all such lists of the holders of the Definitive Notes as may be required by the Issuer, the Administrator, the Paying Agents or the Trustee or any person authorised by any of them;

10.11.4 comply with the proper and reasonable requests of the Issuer with respect to the maintenance of the Register and provide the Paying Agents with such information relating to the Definitive Notes as they may reasonably require for the proper performance of their duties; and

10.11.5 carry out such other acts as may reasonably be necessary to give effect to the Conditions, this Agreement and the Regulations.

No transfer from a holder of a Definitive Note shall be registered for a period of 15 days immediately preceding an Interest Payment Date.

10.12 General duty of Registrar

In carrying out its functions the Registrar shall act in accordance with the terms of this Agreement, the Regulations, the Conditions and the Trust Deed.

10.13 Supply of copies of documents

The Issuer shall provide to the Principal Paying Agent (for distribution among the Paying Agent(s), if any) and to the Registrar:

10.13.1 sufficient copies of all documents required by the Conditions or the Trust Deed to be available for issue or inspection;

10.13.2 in the event of a meeting of Noteholders or any class of them being called, forms of Forms of Proxy and Block Voting Instructions, together with instructions from the Issuer (such instructions having previously been approved by the Trustee) as to the manner of completing, dealing with and recording the issue of such forms; and

10.13.3 if Definitive Notes are issued, specimens of the same.

10.14 Duties under the Issuer ICSDs Agreement

The Issuer and the Registrar shall comply with the provisions set out in Schedule 3 (*Duties under the Issuer ICSDs Agreement*).

11. AGENTS TO ACT FOR TRUSTEE

11.1 Actions of Agents after Notice by Trustee of an Event of Default

At any time after an Event of Default (or any condition, event or act which, with the giving of notice and/or the lapse of time and/or the issue of a certificate, would constitute an Event of Default) in respect of the Notes shall have occurred (which shall not have been waived by the Trustee or remedied to its satisfaction) or at any time after Definitive Notes have not been issued when so required in accordance with the provisions of the Trust Deed, the Paying Agents, the Reference Agent and the Registrar shall, if so required by notice in writing given by the Trustee to the Issuer and the Agents (or such of them as are specified in such notice):

11.1.1 act thereafter, and until otherwise instructed by the Trustee, as the Agents of the Trustee on the terms *mutatis mutandis* provided in this Agreement (with

consequential amendments as necessary and save that the Trustee's liability under any provision in this Agreement contained for the remuneration indemnification and payment of out-of pocket expenses of such Agents shall be limited to the amount for the time being held by the Trustee on the trusts of the Trust Deed which is available to be applied by the Trustee for such purpose) and thereafter hold all Notes and all sums, documents and records held by them in their respective capacities in respect of the Notes on behalf of the Trustee; and/or

11.1.2 deliver up all Notes and all sums, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice,

provided that such notice shall be deemed not to apply to any document or record which any Agent is obliged not to release by any applicable law or regulation.

11.2 **Withdrawal of Notice**

11.2.1 The Trustee may, at any time if an Event of Default is remedied to the reasonable satisfaction of the Trustee during any applicable grace period, by notice in writing to the Issuer and the relevant Agents, withdraw any notice given by the Trustee pursuant to Clause 11.1 (*Actions of Agents after Notice by Trustee of an Event of Default*) whereupon such Agents shall act as agents of the Issuer in accordance with the terms hereof. The Trustee shall send the Principal Paying Agent a copy of any notice which the Trustee gives under this Clause 11.2 for release into the Clearing Systems and notification to the Noteholders.

11.2.2 The withdrawal of any notice given by the Trustee pursuant to Clause 11.1 (*Actions of Agents after Notice by Trustee of an Event of Default*) shall not preclude the Trustee from issuing any other or further notices pursuant to that Clause on any subsequent occasion and at any time after the occurrence of an Event of Default, no notice given by the Trustee pursuant to Clause 11.1 (*Actions of Agents after Notice by Trustee of an Event of Default*) shall be withdrawn except at the absolute discretion of the Trustee.

11.3 **Trustee Notice**

The Trustee shall forthwith give notice to the Issuer and the Principal Paying Agent of any change in the person or persons comprising the Trustee.

12. **FEES AND EXPENSES**

12.1 **Fees**

The Issuer shall pay to each Agent, during the period when any of the Notes remains outstanding, such fees as have been agreed in writing between the Issuer and each Agent in respect of the respective services of each Agent under this Agreement (together with any amounts in respect of value added tax (against production of a valid tax invoice)). If any agent shall cease to be an Agent under this Agreement, it shall repay to the Issuer the unearned portion, calculated on a *pro rata* basis, of the said fees.

12.2 **Front-end Expenses**

The Issuer shall after receipt of an account of such expenses reimburse each Agent for all reasonable out-of-pocket expenses incurred by it in the negotiation, preparation and execution of this Agreement and for all reasonable expenses (including, without limitation, reasonable legal fees and any communication, courier, postage and other out-of-pocket expenses) properly incurred in connection with its services under this Agreement (together with any amounts chargeable thereon in respect of value added tax (against production of a valid tax invoice) to the extent that such value added tax is not recoverable by the relevant Agent by way of repayment credit or set-off); **provided that** such expenses shall not have been incurred as a result of the Agent's negligence, wilful misconduct or bad faith, other than such costs and expenses as are separately agreed to be reimbursed out of the fees payable under Clause 12.1 (*Fees*).

12.3 **Taxes and Expenses Occasioned by Default**

The Issuer shall pay all stamp, registration and other similar taxes, duties and governmental levies of whatsoever nature (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution, delivery and/or enforcement of this Agreement.

12.4 **Payment**

12.4.1 All amounts to be paid by the Issuer to any Agent under this Clause 12 shall only be payable in accordance with and subject to the applicable Priority of Payments which is applicable to the Issuer at the time of payment.

12.4.2 Unless expressly agreed otherwise by the relevant payee and the Issuer, the fees, payments and expenses payable under this Clause 12 shall be paid in pounds sterling and the Issuer shall in addition and subject to the provisions of this Clause 12 pay any value added tax which may be applicable.

12.5 **Issuer's liability for fees and expenses**

Save as provided in this Clause 12 or as expressly provided elsewhere in this Agreement, the Issuer shall have no liability in respect of any fees or expenses incurred by any Agent in connection with the performance of its obligations under this Agreement.

12.6 **Payment of commissions to Paying Agents**

The Principal Paying Agent shall arrange for payment of any commissions due to the other Paying Agents and arrange for the reimbursement of expenses due to them promptly upon receipt by the Principal Paying Agent of a demand therefor, supported by evidence of such expenditure, and provided that payment is made by the Issuer as required by this Clause 12 and the Issuer shall not be concerned with or liable in respect thereof.

13. TERMS OF APPOINTMENT

13.1 Rights and Powers of the Paying Agents

13.1.1 The Paying Agents shall (except as ordered by a court of competent jurisdiction or as required by law) in connection with their services under this Agreement (whether or not the relevant Note shall be overdue and notwithstanding any notice to the contrary or writing shown thereon or any notice of previous loss or theft or of trust or other interest therein (other than a duly executed form of transfer)) be entitled to treat the registered Holder of any Note as the absolute owner of such Note for all purposes and (save as expressly provided under this Agreement) make payments thereon.

13.1.2 Each Agent may in connection with its services under this Agreement:

- (a) rely upon the terms of any notice, communication or other document reasonably believed by it to be genuine;
- (b) engage and pay for the advice or services of any lawyers or other experts (being an appointee who shall have been previously approved in writing by the Trustee) whose advice or services it considers necessary and rely upon any written advice so obtained (and such Agent shall be protected and shall incur no liability as against the Issuer in respect of any action taken, or suffered to be taken in good faith, in accordance with such advice except to the extent that such liability arises out of any material breach of contract, bad faith, wilful misconduct or negligence on the part of such Agent);
- (c) assume that the terms of each Global Note and Definitive Note as issued are correct;
- (d) refer any question relating to the ownership of any Note, or the adequacy or sufficiency of any evidence supplied in connection with the replacement, transfer or exchange of any Note to the Issuer for determination by the Issuer and in good faith conclusively rely upon any determination so made; and
- (e) whenever in the administration of this Agreement it shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, in the absence of bad faith or negligence or wilful misconduct on its part, accept a certificate signed by any person duly authorised on behalf of the Issuer as to any fact or matter *prima facie* within the knowledge of the Issuer as sufficient evidence thereof.

13.2 Provision of Specimen Signatures

The Issuer will supply the Paying Agents and the Registrar with the names and specimen signatures of its authorised signatories.

13.3 **Extent of Duties**

Each Agent shall only be obliged to perform the duties set out in this Agreement and such other duties as are necessarily incidental thereto. No Agent shall:

- 13.3.1 be under any fiduciary duty towards or have any relationship of agency or trust for or with any person other than the Issuer and (to the extent expressly provided in this Agreement only) the Trustee;
- 13.3.2 be responsible for or liable in respect of the authorisation, validity or legality or enforceability of any Note (other than in respect of the authentication of a Note by it in accordance with this Agreement) or any act or omission of any other person including, without limitation, any other Agent (except to the extent that such liability arises out of any material breach of contract, bad faith, wilful misconduct or negligence on the part of any such Agent);
- 13.3.3 be under any obligation towards any person other than the Issuer, the other Agents and the Trustee; or
- 13.3.4 assume any relationship of agency or trust for or with any Noteholder.

Notwithstanding anything else herein contained, the Agent may refrain without liability from doing anything that would or might in its opinion be contrary to any law of any state or jurisdiction (including but not limited to the United States of America or any jurisdiction forming a part of it and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction or which would or might otherwise render it liable to any person or cause it to act in a manner which might prejudice its interests and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

13.4 **Freedom to Transact**

Each Agent may purchase, hold and dispose of beneficial interests in a Note and may enter into any transaction (including, without limitation, any depository, trust or agency transaction) with the Issuer or any holders or owners of any Notes or with any other party to this Agreement in the same manner as if it had not been appointed as the agent of the Issuer or the Trustee in relation to the Notes.

13.5 **Indemnity in favour of the Agents**

The Issuer shall indemnify each Agent against any loss, liability, cost, claim, action, demand or expense other than tax suffered by the Agent on its net income which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and performance of its duties under this Agreement, notwithstanding the resignation or removal of such Agent in accordance with Clause 15 (*Termination of Appointment*) (including, without prejudice to the generality of the foregoing, any liability in respect of payment of a cheque drawn by such Paying Agent where such cheque is collected or sued upon or an attempt at collection is made after the amount in respect of which it is paid shall have been returned to the Issuer pursuant to Clause 8.6 (*Repayment of undisbursed funds to Issuer*)), except such as may result from the material breach by it of the terms of this

Agreement or from its own wilful default, negligence or bad faith or that of its officers or employees, provided that this indemnity shall not apply in respect of any claim, action or demand made against an Agent unless, as soon as practicable after such Agent becomes aware thereof, it gives notice of the same to the Issuer and (if and whenever the Issuer so requires) takes such action or proceedings under the control and at the expense of the Issuer as the Issuer may reasonably require to avoid, resist or compromise such claim, action or demand.

13.6 Indemnity in favour of the Issuer

Each Agent shall severally indemnify the Issuer and, for the purposes of Clause 11 (*Agents to act for Trustee*), the Trustee, against any loss, liability, costs, claim, action, demand or expense which the Issuer may incur or which may be made against it as a result of the material breach by such Agent of the terms of this Agreement or its wilful default, negligence or bad faith or that of its officers or employees including any failure to obtain and maintain in existence any consent, authorisation, permission or licence required by it for the assumption, exercise and performance of its powers and duties under this Agreement.

13.7 Continuance of indemnities

The respective indemnities of the Issuer and each Agent set out in Clauses 13.5 (*Indemnity in favour of the Agents*) and 13.6 (*Indemnity in favour of the Issuer*) shall constitute obligations of such entity separate and independent from that entity's obligations under the other provisions of this Agreement and shall remain in full force and effect notwithstanding the termination of this Agreement for any reason.

13.8 Compliance with the law

Notwithstanding anything else herein contained, each of the Agents may refrain without liability from doing anything that would or might in its reasonable opinion be contrary to any law of any state or jurisdiction (including, but not limited to, the United States of America or any jurisdiction forming a part of it and England and Wales) or any directive or regulation of any such agency of any such state or jurisdiction and may without liability do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

13.9 Right to Demand Information

The Issuer undertakes to the Agents that:

- (a) it will provide to the Agents all documentation and other information required by the Agents from time to time to comply with FATCA forthwith upon request by the Agents; and
- (b) it will notify the Agents in writing within 30 days of any change that affects the Issuer's tax status pursuant to FATCA and will provide the Agents with any information or instructions required to effect payments which the Issuer determines are required to be made to the relevant Authorities in respect of the Notes in light of such change.

13.10 Deduction of Taxes

- 13.10.1 It shall be the sole responsibility of the Issuer to determine whether a deduction or withholding for or on account of Taxes is required from any payment to be made in respect of the Notes and to notify each Agent of any such deduction or withholding as may be required from any such payment in accordance with the provisions of this clause 13.10. It shall be the sole responsibility of each Agent to make any such deduction or withholding notified to it by the Issuer in respect of payments made by it, and account to the relevant Authority for the Taxes so deducted. The Issuer shall notify each relevant Agent, a minimum of 5 Business Days prior to the date on which any such payment is due in respect of which any such deduction or withholding for or on account of Taxes is required by any Applicable Law, of (i) the amount of such Taxes required to be deducted or withheld and (ii) the relevant Authority to whom such Taxes should be paid. The Issuer shall provide, in so far as it is reasonably able to do so, all information requested by such Agent to enable such Agent to make such withholding or deduction in respect of Taxes, and to pay such Taxes to the relevant Authority.
- 13.10.2 Any payment by an Agent under this Agreement in respect of the Notes shall be made without any deduction or withholding for or on account of any Taxes unless such deduction or withholding is required by any Applicable Law. Each Agent shall deduct or withhold any Taxes required to be deducted or withheld pursuant to any Applicable Law as may be notified by the Issuer to such Agent pursuant to clause 13.10.1 and shall timely account to the relevant Authority for the full amount of such Taxes as notified by the Issuer to such Agent pursuant to clause 13.10.1. If any Agent is required to make a deduction or withholding for or on account of Taxes pursuant to any Applicable Law as referred to above, it will not pay an additional amount in respect of that deduction or withholding to the Issuer.
- 13.10.3 If the Issuer fails to notify any Agent of any Taxes required to be deducted or withheld from a payment to be made by it in respect of the Notes pursuant to any Applicable Law pursuant to clause 13.10.1, and such Agent is assessed to Tax by any Authority in respect of such Taxes, the Issuer shall reimburse such Agent for such amount of Tax to which it is assessed. Any payments so required to be made by the Issuer to any Agent shall in each case be made pursuant to the relevant priority of payments.

14. NO LIABILITY FOR CONSEQUENTIAL LOSS

No Agent shall in any event be liable to the Issuer or to any other party to the Relevant Documents for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable and in each case however caused or arising. This Clause 14 shall remain in full force and effect notwithstanding the termination of this Agreement for any reason.

15. TERMINATION OF APPOINTMENT

15.1 Resignation

Subject to Clause 15.8 (*Limitations on Resignation and Revocation*), each Paying Agent in respect of any or all classes of Notes or the Reference Agent or the Registrar may resign its appointment upon not less than 60 days written notice to the Issuer, the Administrator and the Trustee to that effect, *provided, however, that*:

15.1.1 if such resignation would otherwise take effect in the period from and including 30 days prior to and including 30 days after any due date for payment in respect of any Note, it shall not take effect until the expiry of that period; and

15.1.2 in the case of the Registrar, the only remaining Paying Agent with its Specified Office in the United Kingdom, the Reference Agent or the only remaining Paying Agent with its Specified Office outside the United Kingdom, such resignation shall not take effect until a successor has been duly appointed in accordance with Clause 15.4 (*Additional and Successor Agents*) and notice of such appointment has been given to the Noteholders.

15.2 Revocation

Subject to Clause 15.7 (*Maintenance of a Paying Agent in the European Union*) and Clause 15.8 (*Limitations on Resignation and Revocation*), the Issuer may at any time with the prior written consent of the Trustee revoke its appointment of any Agent as its agent in relation to the Notes by not less than 60 days written notice to the Trustee and such Agent whose appointment is to be revoked, provided that if such notice would otherwise take effect in the period from and including 30 days prior to and including 30 days after, any due date for payment in respect of any Note, it shall not take effect until the expiry of that period and provided further, however, that in the case of the Registrar, the Principal Paying Agent, the Reference Agent or the only remaining Paying Agent with its Specified Office outside the United Kingdom, such revocation shall not take effect until a successor has been duly appointed in accordance with Clause 15.4 (*Additional and Successor Agents*) and notice of such appointment has been given to the Noteholders.

15.3 Automatic Termination

The appointment of any Agent shall terminate forthwith if at any time:

15.3.1 such Agent becomes incapable of acting;

15.3.2 a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of such Agent;

15.3.3 such Agent admits in writing its insolvency or inability to pay its debts as they fall due or suspends payments of its debts;

- 15.3.4 an administrator or liquidator of such Agent or the whole or any part of the undertaking, assets and revenues of such Agent is appointed (or application for any such appointment is made);
- 15.3.5 such Agent takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness;
- 15.3.6 an order is made or an effective resolution is passed for the winding up of such Agent;
- 15.3.7 any event occurs which has an analogous effect to any of the foregoing in relation to such Agent; or
- 15.3.8 any payment made by the Issuer under any Transaction Document becomes subject to FATCA Withholding and such FATCA Withholding would not have arisen but for an Agent not being or having ceased to be a FATCA Compliant Entity.

On the occurrence of any of the above, the relevant Agent shall forthwith notify the Issuer, the Administrator, the Trustee and the Paying Agents. If the appointment of the Registrar or the only remaining Principal Agent with a Specified Office in the United Kingdom, the Reference Agent or the only remaining Paying Agent with its Specified Office outside of the United Kingdom is terminated in accordance with the preceding sentence, the Issuer shall forthwith appoint a successor in accordance with Clause 15.4 (*Additional and Successor Agents*).

15.4 Additional and Successor Agents

The Issuer may from time to time with the prior written approval of the Trustee appoint one or more additional and/or successor principal paying agents, paying agents, reference agents or registrars and shall forthwith give notice of any such appointment to the continuing Agents, the Noteholders, the Administrator and the Trustee, whereupon the additional or successor agents shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement.

15.5 Agent may appoint Successor

If any Agent gives notice of its resignation in accordance with Clause 15.1 (*Resignation*) and by the tenth day before the expiration of such notice a successor agent has not been duly appointed in accordance with Clause 15.4 (*Additional and Successor Agents*), such Agent may itself, following such consultation with the Issuer as is practicable in the circumstances and with the prior written approval of the Trustee and the Issuer (provided such failure to appoint was not due to default by the Issuer), appoint as its successor agent any reputable and experienced bank or financial institution and give notice of such appointment to the Issuer, the Trustee, the Administrator, the remaining Agents and the Noteholders.

15.6 **Rights of Successor Agent**

Upon the execution by the Issuer and any successor agent of an instrument effecting the appointment of a successor agent, such successor agent shall, without any further act, deed or conveyance, become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of its predecessor with like effect as if originally named as the relevant agent in this Agreement and such predecessor, upon payment to it of the *pro rata* proportion of its administration fee and disbursements then unpaid (if any), shall thereupon become obliged to transfer, deliver and pay over, and such successor agent shall be entitled to receive, all monies, records and documents held by such predecessor under this Agreement.

15.7 **Maintenance of a Paying Agent in the European Union**

The Issuer undertakes that it shall ensure that it maintains a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to (a) EU Council Directive 2003/48/EC on the taxation of savings income, as such directive is amended by any other directive, or (b) any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to such Directive.

15.8 **Limitations on Resignation and Revocation**

Notwithstanding Clause 15.1 (*Resignation*) and Clause 15.2 (*Revocation*):

- 15.8.1 if at any time there should be only one Paying Agent, no resignation by or termination of the appointment of the Paying Agent shall take effect until a successor paying agent in respect of the affected class or classes of Notes approved in writing by the Trustee has been appointed on terms previously approved in writing by the Trustee;
- 15.8.2 no resignation by or termination of the appointment of any Paying Agent shall take effect if as a result of such resignation or termination (i) there would cease to be a Paying Agent in respect of the affected class or classes of Notes having a Specified Office in London or (ii) the Issuer would be in breach of Clause 15.7 (*Maintenance of a Paying Agent in the European Union*);
- 15.8.3 no appointment or termination of the appointment of a Paying Agent shall take effect unless and until notice thereof shall have been given to the relevant Noteholders in accordance with the Conditions;
- 15.8.4 no resignation by or revocation of the appointment of the Reference Agent shall take effect until a new Reference Agent having its Specified Office in London has been appointed;
- 15.8.5 no resignation by or termination of the appointment of the Registrar shall take effect until a new Registrar having its Specified Office in London has been appointed; and
- 15.8.6 the appointment of any additional Paying Agent shall be *mutatis mutandis* on the terms and subject to the conditions of this Agreement and each of the

parties to this Agreement shall co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give effect to the appointment of such Paying Agent.

15.9 Effect of Resignation, Revocation and Termination

Upon any resignation or revocation taking effect under Clause 15.1 (*Resignation*) or Clause 15.2 (*Revocation*) or any termination under Clause 15.3 (*Automatic Termination*), the relevant Agent shall:

- 15.9.1 without prejudice to any accrued liabilities and obligations, be released and discharged from any further obligations under this Agreement (save that it shall remain entitled to the benefit of, and subject to, Clause 12 (*Fees and Expenses*), Clause 13 (*Terms of Appointment*) and Clause 15 (*Termination of Appointment*));
- 15.9.2 repay to the Issuer such part of any fee paid to it in accordance with Clause 12.1 (*Fees*) as shall relate to any period thereafter;
- 15.9.3 deliver to the Issuer and to its successor agent a copy, certified as true and up-to-date by an officer of such Agent of the records maintained by it pursuant to this Agreement;
- 15.9.4 forthwith transfer all monies and papers (including any unissued Notes held by it under this Agreement) to its successor in that capacity and provide reasonable assistance to its successor for the discharge by it of its duties and responsibilities under this Agreement; and
- 15.9.5 in the case of any Paying Agent, pay to the successor paying agent any amount held by it for payment of principal or interest in respect of the relevant Notes.

15.10 Change of Specified Office

- 15.10.1 If any Agent shall determine to change its Specified Office (which, in the case of each Paying Agent, may only be effected within the same city where each Paying Agent currently has its Specified Office), it shall give to the Issuer and the Trustee written notice of such determination giving the address of the new Specified Office and stating the date on which such change is to take effect, which date shall not be less than 30 days after the date of such notice, provided that no such notice shall take effect within the period from and including 30 days prior to and including 30 days after, any due date for payment in respect of any Note.
- 15.10.2 The Issuer shall, within 14 days of receipt of such notice (unless the appointment is pursuant to a revocation or termination under Clause 15.2 (*Revocation*) or Clause 15.3 (*Automatic Termination*) above on or prior to the date of such change), give to the Noteholders notice of such change as approved by the Trustee and of the address of the Specified Office in accordance with the Conditions but the costs of giving such notice shall be borne by such Agent changing its office and not by the Issuer.

15.11 Merger

Any legal entity into which any Agent may be merged or converted, or any legal entity with which any Agent may be consolidated, or any legal entity resulting from any merger, conversion or consolidation to which any Agent shall be a party, or any legal entity to which any Agent shall sell or otherwise transfer all or substantially all the assets of the relevant agency business of the relevant Agent, as the case may be, shall, on the date when such merger, conversion, consolidation, sale or transfer becomes effective and to the extent permitted by applicable law, become the successor to the relevant Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto, unless otherwise required by the Issuer, and after the said effective date all references in this Agreement to the relevant Agent, as the case may be, shall be deemed to be references to such legal entity.

15.12 Principal Paying Agent Notification

If at any time the Principal Paying Agent ceases to be a FATCA Compliant Entity with respect to payments made to it by the Issuer under this Agreement, it will as soon as reasonably practicable, notify the Issuer (such notification may be in the format of a general notification to the market) that it is no longer a FATCA Compliant Entity.

16. NOTICES

Any notices or other communication or document to be given or delivered pursuant to this Agreement to any of the parties to this Agreement shall be sufficiently served if sent by prepaid first class post, by hand or by facsimile or email transmission or made by telephone (but in the case of notice by telephone or email with subsequent confirmation by written communication as aforesaid despatched or delivered by hand within 24 hours) and shall be deemed to be given (in the case of facsimile transmission) when despatched or (in the case of email) the time such email was sent if it is subsequently confirmed as aforesaid or (in the case of a telephone call) the time such telephone call made if it is subsequently confirmed as aforesaid or (where delivered by hand) on the day of delivery if delivered before 17.00 hours on a business day in the place of the addressee or otherwise on the next business day in the place of the addressee if delivered thereafter or (in the case of first class post) when it would be received in the ordinary course of the post and shall be sent:

16.1.1 in the case of the Issuer, to Paragon Mortgages (No.23) PLC at 51 Homer Road, Solihull, West Midlands B91 3QJ (facsimile number 0121 712 2072, telephone number 0121 712 2323 or email to Company_Secretary@Paragon-group.co.uk) for the attention of: The Company Secretary, with a copy to: (facsimile number +44 (0)207 398 6325 or email to directors-uk@sfmeurope.com) for the attention of: The Directors;

16.1.2 in the case of the Trustee, to Citicorp Trustee Company Limited at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (facsimile number 020 7500 5877, telephone number 020 7500 5000) for the attention of: Agency & Trust;

16.1.3 in the case of the Administrator to Paragon Mortgages (2010) PLC at 51 Homer Road, Solihull, West Midlands B91 3QJ (facsimile number 0121 712 2072, telephone number 0121 712 2075 or email to Company_Secretary@Paragon-group.co.uk) for the attention of: The Company Secretary; and

16.1.4 in the case of any Agent, to it at the address, fax number or telephone number specified against its name in Schedule 1 (*Specified Offices*) (or in the case of an Agent not originally a party to this Agreement, specified by notice to the parties to this Agreement at the time of its appointment) for the attention of the person or department specified therein,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by fifteen days prior written notice in accordance with the provisions of this Clause 16.

17. **THIRD PARTY RIGHTS**

A person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

18. **TIME OF THE ESSENCE**

Any date or period specified in this Agreement may be postponed or extended by mutual agreement among the parties, but as regards any date or period originally fixed or so postponed or extended, time shall be of the essence.

19. **VARIATION AND WAIVER**

No variation or waiver of this Agreement shall be effective unless it is in writing and signed by a duly authorised signatory of each party. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

20. **EXECUTION IN COUNTERPARTS; SEVERABILITY**

20.1 **Counterparts**

This Agreement may be executed in any number of counterparts (manually or by facsimile) and by different parties to this Agreement in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.

20.2 **Severability**

Where any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Agreement, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

21. GOVERNING LAW AND JURISDICTION; APPROPRIATE FORUM

21.1 Governing Law

This Agreement 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.

21.2 Jurisdiction

The parties to this Agreement irrevocably agree for the benefit of the Issuer and the Trustee that the courts of England are to have jurisdiction to settle any suit, action or proceeding, and to settle any disputes which may arise out of or in connection with this Agreement and, for such purposes, irrevocably submit to the jurisdiction of such courts.

21.3 Appropriate Forum

Each of the parties to this Agreement irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

22. EXCLUSION OF LIABILITY

The Trustee is a party to this Agreement only to receive the benefit of the provisions in this Agreement and has no liability under this Agreement.

AS WITNESS the hands of the duly authorised representatives of the parties to this Agreement the day and year first before written.

SCHEDULE 1
SPECIFIED OFFICES AND NOTICE DETAILS

The Principal Paying Agent

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
Telephone number: +353 1622 0866
Facsimile number: +353 1622 2210/2212
Email: ppapayments@citi.com
ppaclaims@citi.com
Attention of: Agency & Trust

The Reference Agent

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
Telephone number: +353 1622 4321
Facsimile number: +353 1622 2031
Email: rate.fixing@citi.com
Attention of: Agency & Trust

The Registrar

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
Facsimile number: +353 1506 0339
Email: register@citi.com
Attention of: Agency & Trust

SCHEDULE 2
REGULATIONS CONCERNING THE TRANSFER, EXCHANGE AND
REGISTRATION OF THE NOTES

1. The Notes are in their respective Authorised Denominations or in such other denominations as the Trustee shall determine and notify to the relevant Noteholders.
2. Subject to paragraphs 4, 6 and 11 below, a Note may be transferred by execution of the relevant form of transfer under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing. Where the form of transfer is executed by an attorney or, in the case of a corporation, under seal or under the hand of two of its officers duly authorised in writing, a copy of the relevant power of attorney certified by a financial institution in good standing or a notary public or in such other manner as the Registrar may require or, as the case may be, copies certified in the manner aforesaid of the documents authorising such officers to sign and witness the affixing of the seal must be delivered with the form of transfer. In this Schedule, "**transferor**" shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
3. The Note to be transferred or exchanged must be surrendered for registration, together with a duly completed and executed form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer) at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. The signature of the person effecting a transfer or exchange of a Note shall conform to any list of duly authorised specimen signatures supplied by the holder of such Note or be certified by a financial institution in good standing, notary public or in such other manner as the Registrar may require.
4. No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on an Interest Payment Date in respect of such Note.
5. No Noteholder which has executed a Form of Proxy in relation to any Noteholder Meeting may require the transfer of a Note covered by such Form of Proxy to be registered until the earlier of the conclusion of the Noteholder Meeting and its adjournment for want of quorum.
6. The executors or administrator of a deceased holder of a Note (not being one of several joint holders) and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders, shall be the only persons recognised by the Issuer as having any title to such Note.
7. Any person becoming entitled to any Notes in consequence of the death or bankruptcy of the holder of such Notes may, upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Registrar shall require (including legal opinions), become registered himself as the holder of such Notes or, subject to the provisions of these Regulations, the Notes and the relevant Conditions as to transfer, may transfer such Notes. The Issuer and the Registrar shall be at liberty to retain any amount payable upon the Notes to which any

person is so entitled until such person shall be registered as aforesaid or shall duly transfer such Notes.

8. Unless otherwise required by him and agreed by the Issuer and the Registrar, the holder of any Notes shall be entitled to receive only one Note per class in respect of his holding.
9. The joint holders of any Note shall be entitled to one Note only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of the joint holding.
10. Where there is more than one transferee (to hold other than as joint holders), separate forms of transfer (obtainable from the specified office of the Registrar) must be completed in respect of each new holding.
11. A holder of Notes may transfer all or part of his holding provided that both the principal amount of Notes transferred and the principal amount of the balance remaining are in an amount equal to an Authorised Denomination. Where a holder of Notes has transferred part only of his holding comprised therein, there shall be delivered to him a new Note in respect of the balance of such holding.
12. The Issuer and the Registrar shall, save in the case of the issue of replacement Notes pursuant to the Conditions, make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the Specified Office of the Registrar or by uninsured post to the address specified by the holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery.
13. Provided a transfer of a Note is duly made in accordance with all applicable requirements and restrictions upon transfer and the Note(s) issued are presented to the Registrar in accordance with the Agency Agreement and these Regulations and subject to unforeseen circumstances beyond the control of the Registrar arising, the Registrar will, within five business days of the request for transfer being duly made, deliver at its Specified Office or despatch to the transferee by uninsured post (at the request and risk of the transferee) to such address as the transferee entitled to the Notes may have specified, a Note in respect of which entries have been made in the Register, all formalities complied with and the name of the transferee completed on the Note by or on behalf of the Registrar; and, for the purposes of this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the cities in which the Registrar have their respective Specified Office.
14. No transfer may be effected unless:
 - (a) such Note is transferred in a transaction that does not require registration under the United States Securities Act of 1933, as amended and is not in violation of the United States Investment Company Act of 1940;

- (b) such transfer is effected in accordance with the provision of any restrictions on transfer specified in the legends (if any) set forth on the face of the Note;
 - (c) the transferee delivers to the Registrar a form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed on the Note; and
 - (d) if the Issuer so requests, the Registrar receives an opinion of counsel satisfactory to all of them.
15. Except for in connection with the issue of replacement Notes pursuant to Clause 6 (*Replacement Notes*) hereof, no charge shall be made to the Noteholders in connection with, among other things,
- (a) the registration of any holding of Notes; or
 - (b) the transfer of Notes subject to any registration, transfer, issue or delivery which may be effected against an indemnity from the Noteholder or transferee as any relevant Paying Agent or, as the case may be, the Registrar may require in respect of any tax or other duty levied or imposed in connection with such registration, transfer, issue or delivery.
16. If Notes are issued upon the transfer, exchange or replacement of Notes not bearing the Note Legend (as defined below), the Notes so issued shall not bear the Note Legend. If Notes are issued upon the transfer, exchange or replacement of Notes bearing the Note Legend, the Notes so issued shall bear the Note Legend. Each Note issued in exchange therefor shall bear a legend (the "**Note Legend**") in substantially the following form:

This Note has not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), any state securities laws in the United States or the securities laws of any other jurisdiction and may not be reoffered, resold, pledged or otherwise transferred except as permitted by this legend. The holder hereof, by its acceptance of this Note, represents, acknowledges and agrees that it will not reoffer, resell, pledge or otherwise transfer this Note except in compliance with the Securities Act and other applicable laws and except (a) in the case of a Global Note, to a person that is not a U.S. person (as defined in Regulation S under the Securities Act) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act and (b) (1) upon delivery of all certifications, opinions and other documents that the Issuer or the Trustee may require and (2) in accordance with any applicable securities law of any state of the United States and any other jurisdiction. Further, no sale or transfer of this Note to a person investing assets of a plan subject to Part 4 of Title 1 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "U.S. Revenue Code") or any similar provisions of other law ("Other Similar Law") may be made unless such sale or transfer will satisfy the requirements of a class exemption from the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the U.S. Revenue Code or otherwise will not result in a non-exempt prohibited transaction or other violation of ERISA, the U.S. Revenue

Code or Other Similar Law. Transfers of the Notes must be accompanied by appropriate tax and ERISA transfer documentation and are subject to restrictions as provided in the Trust Deed.

This Note is not transferable except in accordance with the restrictions described herein and in the Trust Deed. Any sale or transfer in violation of the foregoing will be of no force and effect, will be void *ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Trustee or any intermediary. Each transferor of this Note agrees to provide notice of the transfer restrictions set forth herein and in the Trust Deed to the transferee.

SCHEDULE 3
DUTIES UNDER THE ISSUER ICSDS AGREEMENT

The Registrar and the Issuer will comply with the following provisions:

1. The Registrar will inform each of Euroclear and Clearstream, Luxembourg (the "ICSDs"), through the common service provider appointed by the ICSDs to service the Notes (the "CSP"), of the initial issue outstanding amount ("IOA") for the Notes on or prior to the Closing Date.
2. If any event occurs that requires a mark up or mark down of the records which an ICSD holds for its customers to reflect such customers' interest in the Notes, the Registrar will (to the extent known to it) promptly provide details of the amount of such mark up or mark down, together with a description of the event that requires it, to the ICSDs (through the CSP) to ensure that the IOA of the Notes remains at all times accurate.
3. The Registrar will at least monthly reconcile its record of the IOA of the Notes with information received from the ICSDs (through the CSP) with respect to the IOA maintained by the ICSDs for the Notes and will promptly inform the ICSDs (through the CSP) of any discrepancies.
4. The Registrar will promptly assist the ICSDs (through the CSP) in resolving any discrepancy identified in the IOA of the Notes.
5. The Registrar will promptly provide to the ICSDs (through the CSP) details of all amounts paid by it under the Notes.
6. The Registrar will (to the extent known to it) promptly provide to the ICSDs (through the CSP) notice of any changes to the Notes that will affect the amount of, or date for, any payment due under the Notes.
7. The Registrar will (to the extent known to it) promptly provide to the ICSDs (through the CSP) copies of all information that is given to the holders of the Notes.
8. The Registrar will promptly pass on to the Issuer all communications it receives from the ICSDs directly or through the CSP relating to the Notes.
9. The Registrar will (to the extent known to it) promptly notify the ICSDs (through the CSP) of any failure by the Issuer to make any payment or delivery due under the Notes when due.

EXECUTION

SIGNED)
by a duly authorised representative for)
and on behalf of)
PARAGON MORTGAGES (NO.23) PLC)

By: SFM Directors Limited as Director 

Executed for and on behalf of: **Citibank, N.A., London Branch**
in its capacities as Principal Paying Agent,
Reference Agent and Registrar acting by:

By: 

Name: **Davide Pluchino**
Vice President

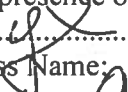
Title:

Executed for and on behalf of: **Citicorp Trustee Company Limited**
in its capacity as Trustee
acting by:

By: 

Name: **JUSTIN NG**

Title: Attorney

In the presence of:
.....
Witness Name: 
Occupation: **an independent valuer**
Address: **Paralegal**

Clifford Chance LLP
10 Upper Bank Street
London E14 5UJ