

# **SERIES MEMORANDUM**



## **CiMA Finance Designated Activity Company**

*(Incorporated with limited liability in Ireland)*

### **EUR 10,000,000,000 Programme for the issue of Notes and the making of Alternative Investments under the MULTI-ISSUER CAPITAL MARKETS ACCESS PLATFORM**

#### **Series 2017-1**

#### **EUR 10,000,000 Floating Rate Secured Limited Recourse Notes due 2026**

*The attention of prospective purchasers is drawn to the section headed “Risk Factors” on page 4 of this Series Memorandum*

#### **Abbey National Treasury Service plc**

as Arranger

#### **Banco Santander, S.A.**

as Dealer

The date of this Series Memorandum is 16 March 2017



This Series Memorandum (as used herein, this “**Series Memorandum**”) is prepared in connection with the EUR 10,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”) of CiMA Finance Designated Activity Company (formerly CiMA Finance Limited)(the “**Issuer**”) and is issued in conjunction with, and incorporates by reference, the contents which are set out in section headed “*Documents Incorporated by Reference*” of, the Programme Memorandum dated 23 December 2016 relating to the Programme (the “**Programme Memorandum**”). This document should be read in conjunction with the Programme Memorandum. Save where the context otherwise requires, terms defined in the Programme Memorandum or in the Terms and Conditions of the Notes have the same meaning when used in this Series Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Programme Memorandum.

Application has been made to the Irish Stock Exchange plc (the “**Irish Stock Exchange**”) for the Notes issued under this Series Memorandum to be admitted to the Official List of the Irish Stock Exchange (the “**Official List**”) and trading on its regulated market (the “**Main Securities Market**”). No assurance can be given that such application will be granted.

This Series Memorandum comprises a Prospectus for the purposes of the Directive 2003/71/EC (the “**Prospectus Directive**”), including the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”).

The Series Memorandum has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Series Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The language of this Series Memorandum is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Series Memorandum.

This Series Memorandum has been prepared for the purpose of the offering of Notes in accordance with applicable laws and regulations and as further described in the section entitled “Subscription and Sale” in the Programme Memorandum.

The Issuer accepts responsibility for the information contained in this Series Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Series Memorandum for which the Issuer accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Dealer, the Swap Counterparty, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.



For as long as the Notes are listed on the Irish Stock Exchange, copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Principal Paying Agent for so long as any of the Notes shall remain outstanding:

- (1) this Series Memorandum and the Programme Memorandum;
- (2) the Constituting Instrument dated 16 March 2017, the Charged Agreement and the Master Trust Terms; and
- (3) the Memorandum and Articles of Association of the Issuer.

The Trustee will represent the Noteholders in accordance with the Master Trust Terms. The security granted by the Issuer in respect of the Notes is granted in favour of the Trustee who holds such security on trust for the Swap Counterparty and the Noteholders in accordance with the Master Trust Terms and the terms hereof, including the order of priorities specified herein. The Trustee is entitled to exercise certain powers, trusts, authorities and discretions in accordance with the Master Trust Terms and the terms hereof.

**Particular attention is drawn to the section of this Series Memorandum headed “Risk Factors”.**

**The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Notes are being offered and sold only outside the United States (as such term is defined in Regulation S under the Securities Act (“Regulation S”)) to non-US persons in reliance on Regulation S.**

**The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.**



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## **RISK FACTORS**

### **General**

The purchase of Notes involves substantial risks. Each prospective purchaser of, or investor in, Notes should be familiar with instruments having characteristics similar to the Notes and should fully review all documentation for and understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision, prospective purchasers of, or investors in, Notes should conduct such independent investigation and analysis regarding the Issuer, the Notes, the Collateral, the Swap Counterparty under the Charged Agreement and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. However as part of such independent investigation and analysis, prospective purchasers of or investors in Notes should consider carefully all the information set forth in this Series Memorandum and the considerations set forth below.

Investment in Notes is only suitable for investors who:

- (1) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Series Memorandum and the Programme Memorandum and the merits and risks of an investment in the Issuer in the context of such investors' financial, tax, accounting and regulatory circumstances and investment objectives;
- (2) are capable of bearing the economic risk of an investment in the Issuer for an indefinite period of time and the risk of the entire loss of any investment in the Issuer;
- (3) are acquiring the Notes for their own account for investment, not with a view to resale, distribution or other disposition of the Notes; and
- (4) recognise that there is no secondary market for the Notes, and no secondary market is expected to develop in respect thereof, so that the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and who are prepared to hold the Notes for an indefinite period of time or until the final redemption or maturity of the Notes.

The Issuer and the Arranger may, in their discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

Each prospective investor should ensure that it fully understands the nature of its investment and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the italicised paragraphs set out in the sections entitled "Terms and Conditions of the Notes - Security" and "Terms and Conditions of the Notes - Enforcement and Limited Recourse".

Notes issued under the Programme may be illiquid, the purchase of or entry into of which involves substantial risks. Neither the Issuer nor the Arranger nor the Swap Counterparty will undertake to make a market in Notes of any Series.



## **Credit Considerations**

Prospective purchasers of Notes should take into account, when making a decision as to whether or not to invest in the Notes, that the amount of any principal and interest due on the Notes is dependent, amongst other things, on the performance of the Charged Agreement and the obligor in respect of the Charged Assets.

## **Credit Risk of the Swap Counterparty**

The Issuer will enter into the Swap Agreement with Banco Santander, S.A. as Swap Counterparty. To the extent that the Swap Counterparty fails to make due and timely payment or delivery under the Swap Agreement, the Charged Assets and any Eligible Credit Support held by the Issuer will be realised and the Notes will be redeemed early by payment of the Early Redemption Amount (as defined in the Terms of the Notes) to the Noteholders, which may amount to less than the Scheduled Redemption Amount which would otherwise have been paid on the Maturity Date. Accordingly, the Noteholders are exposed to the credit risk of the Swap Counterparty. Pursuant to the Credit Support Annex, if the market value of the Swap Transaction is in favour of the Issuer then the Issuer's exposure to the Swap Counterparty in respect of this amount is required to be collateralised by the Swap Counterparty transferring Eligible Credit Support (which will be selected by the Swap Counterparty acting in its own interests and valued on a daily basis). However, if the Notes were to fall due for redemption prior to the Maturity Date as a result of a Swap Counterparty default, due to the potential volatility of the securities which may be selected and the relative infrequency of valuations, the Issuer's exposure to the Swap Counterparty may not be fully collateralised. In addition, Eligible Credit Support will also be required to be transferred to the Swap Counterparty where the market value of the Swap Transaction is in the Swap Counterparty's favour. Accordingly, if the Notes were to fall due for redemption prior to the Maturity Date as a result of a Swap Counterparty default, due to the abovementioned potential volatility of the securities and relative infrequency of valuations, the Eligible Credit Support held by the Swap Counterparty may have a market value as of the Early Redemption Date greater than the market value of the Swap Transaction as of such date and, accordingly, the Issuer in these circumstances and, by extension, the Noteholders, may be exposed to the Swap Counterparty with respect to any such excess Eligible Credit Support.

## **Security**

There can be no assurance that the amount payable on any early redemption or enforcement of the security for the Notes will be equal to the Issue Price or the then outstanding Principal Amount of the Notes. Any shortfall in payments due to the Noteholders will be borne in accordance with the priority of payments specified in Condition 4(d) of the Notes and any claims of the Noteholders remaining after a realisation of the security and application of the proceeds as aforesaid shall be extinguished. None of the Programme Parties (other than the Issuer) or any of the obligors in respect of the Charged Assets has any obligation to any Noteholder for payment of any amount owing by the Issuer in respect of the Notes.

## **Charged Assets**

Where in respect of a Series of Notes there are Charged Assets, such Charged Assets will be subject to credit, liquidity and interest rate risks. Such Charged Assets may be rated below investment grade and, in such case, will have greater credit and liquidity risk than investment grade assets. Whether or not such Charged Assets are investment grade, if a default or other mandatory redemption event specified in Condition 7(b) occurs with respect to any Charged Assets securing the Notes of any Series and the Trustee or Realisation Agent (as defined herein) sells or otherwise disposes of such Charged Assets, it is not likely that the proceeds of such sale or disposition will be equal to the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Charged Assets securing any Series of Notes, due to potential



market volatility, the market value of such Charged Assets at any time will vary, and may vary substantially, from the price at which such Charged Assets were initially purchased and from the principal amount of such Charged Assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Charged Assets securing any Series of Notes, or that the proceeds of any such sale or disposition would be sufficient to repay principal of and interest on the Notes of the related Series and amounts payable prior thereto. In the event of an insolvency of an issuer or obligor in respect of the Charged Assets, various insolvency and related laws applicable to such issuer or obligor may limit the amount the Trustee may recover and determine or affect when such recovery may be made.

## **European Market Infrastructure Regulation**

Regulation (EU) No 648/2012 of the European Parliament and Council on OTC Derivatives, Central Counterparties and Trade Repositories dated 4 July 2012 (“**EMIR**”) came into force on 16 August 2012. EMIR establishes certain requirements for OTC derivatives contracts, including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. These requirements are subject to phased implementation. Investors should be aware that certain currently applicable requirements of EMIR impose obligations on the Issuer, to the extent it enters into derivative transactions, and future requirements of EMIR are likely to impose further obligations on the Issuer.

In particular, investors should be aware that should any future obligation of EMIR require the Issuer to modify the economic terms of any derivative transaction into which it enters, there is a risk that this may materially increase the costs associated with such derivative transaction or replacement derivative transaction. This is a particular risk should any derivative transaction into which the Issuer enters become subject to (i) the requirement to exchange segregated collateral with the Swap Counterparty, which forms a part of the risk-management requirements, or (ii) to mandatory clearing. It is not currently possible to conclude with any certainty whether the Issuer will be or become subject to such requirements or obligations as there remains legislative uncertainty with respect to the scope of such requirements and obligations, which are not yet in effect. However, irrespective of becoming subject to such requirements or obligations, and irrespective of it becoming necessary to amend or replace derivative transactions into which the Issuer enters, the Issuer may in any event have to bear certain costs or fees arising out of steps it is required to take to comply with the requirements of EMIR.

Investors should be aware of the risk that the requirements of EMIR may result in the Notes being redeemed early at the Early Redemption Amount in the circumstances set out in Condition 7(b)(3). The Issuer expects to enter into agreements, which do not amend or modify the terms of any Notes, with the Swap Counterparty or third parties in order to facilitate compliance with EMIR, and investors should be aware that the Issuer may enter into such or similar agreements without Trustee consent, or, alternatively, that the Trustee may consent to such or similar agreements without Noteholder consent.

Investors should be aware that the Issuer will be required to disclose the details of any derivative transaction into which it enters to a “trade repository” and/or to regulatory authorities as a consequence of the requirements of the trade reporting obligation under EMIR.

Given the material and presently unknown extent of the risks which may affect the Notes or Alternative Investments as a consequence of the implementation of EMIR, potential investors in the Notes or Alternative Investments should take independent advice and make an independent assessment about such risks in the context of any potential investment decision with respect to the Notes or Alternative Investments.



## **U.S. Dodd-Frank Act**

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted 21 July 2010 (“**Dodd-Frank**”), establishes a comprehensive U.S. regulatory regime for a broad range of derivatives contracts (collectively referred to in this risk factor as “covered swaps”). Among other things, Title VII provides the U.S. Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission with jurisdiction and regulatory authority over many different types of derivatives that were previously traded over the counter, requires the establishment of a comprehensive registration and regulatory framework applicable to covered swap dealers and other major market participants, requires many types of covered swaps to be exchange-traded or executed on swap execution facilities and centrally cleared, and contemplates the imposition of capital requirements and margin requirements for uncleared transactions in covered swaps.

Investors should be aware of the risk that the requirements of Dodd-Frank may result in the Notes being redeemed early at the Early Redemption Amount in the circumstances set out in Condition 7(b)(3).

## **Alternative Investment Fund Managers Directive**

The EU Directive 2011/61/EU on Alternative Investment Fund Managers (“**AIFMD**”), which became effective on 22 July 2013. This provides, amongst other things, that all alternative investment funds (each, an “**AIF**”) must have a designated alternative investment fund manager (“**AIFM**”) with responsibility for portfolio and risk management. The application of the AIFMD to special purpose entities such as the Issuer is unclear. The Issuer does not operate in the same manner as a typical alternative investment fund. The Issuer has been established solely for the purpose of issuing securities, bonds, notes, debt or entering into loans agreement or other similar agreements and entering into agreements in relation thereto and performing acts incidental thereto or necessary in connection therewith. However, the definition of AIF and AIFM in the AIFMD is broad and there is only limited guidance as to how such definition should be applied in the context of a special purpose entity such as the Issuer.

Were the Issuer to be found to be an AIF or an AIFM, or were Abbey National Treasury Services plc acting in any capacity in respect of the Notes and/or the Trustee to be found to be acting as an AIFM with respect to the AIF, the AIFM would be subject to the AIFMD. Owing to the special purpose nature of the Issuer, it would be unlikely that either the AIFM could comply fully with the requirements of the AIFMD.

In such circumstance, the Issuer would be likely to (at its discretion) exercise its early redemption right as a result of a Regulatory Event.

No assurance can be given as to how ESMA or national regulators might, in the future, interpret the AIFMD or whether any such interpretation might find the Issuer to be an AIF or an AIFM, or find Abbey National Treasury Services plc acting in any capacity in respect of the Notes and/or the Trustee to be acting as an AIFM with respect to the Issuer.

## **The Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and US Treasury regulations promulgated thereunder (together “**FATCA**”) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any account holder



(unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether such account holder is a U.S. person or should otherwise be treated as holding a "United States account" (as defined under FATCA) of the Issuer (a "**Recalcitrant Holder**").

FATCA implementation is being phased in for payments from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than 1 January 2019. This withholding on foreign passthru payments would potentially apply to payments in respect of (i) any Notes issued or materially modified on or after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term 'foreign passthru payment' are filed with the Federal Register; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into or announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). In some cases such IGAs have been signed; in other cases, negotiations are still ongoing. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, most FFIs in an IGA signatory country should be treated as a "Reporting Financial Institution" or "Reporting FI" (as defined by the IGA) that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA or agreement with the IRS relating to FATCA) (any such withholding being a "**FATCA Withholding**") from payments it makes (unless, in certain circumstances, it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes or, in certain limited circumstances, where the payments are made to a Recalcitrant Holder). The Model 2 IGA requires Reporting FIs to apply FATCA Withholding to U.S. source payments in certain circumstances and leaves open the possibility that a Reporting FI might in the future be required to make FATCA Withholdings on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders to its home government or to the IRS unless it is treated as exempt from having "financial accounts" for FATCA purposes. The United States and Ireland have entered into an agreement (the "**US-Ireland IGA**") based largely on the Model 1 IGA. The Issuer has registered with the IRS as a "reporting Model 1 IGA FFI" with registration number V59Z6K.99999.SL.372.

The Issuer is currently not required under the US-Ireland IGA and implementing regulation to make any FATCA Withholdings from the payments it makes. There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholding from future payments. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If a FATCA Withholding were to be made from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

In the case of Notes which are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent and the common depositary for such clearing system, given that each of the entities in the payment chain between the Issuer and the participants in the clearing system



is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. Notes may be issued in definitive form and therefore not held, or may be exchanged for Notes in definitive form and therefore may cease to be held, through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to FATCA Withholding.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing IGAs relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms and/or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depository for the clearing system (as legal owner of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAS, AND THE IGA BETWEEN IRELAND AND THE UNITED STATES, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCES.

### **Swap Counterparty's Priority**

The obligation of the Issuer to pay all amounts due to the Swap Counterparty after enforcement of security for such Notes will rank senior to payments to the Noteholders under the Notes.

### **No Secondary Market**

A secondary market may not develop in respect of the Notes. In the event that a secondary market in the Notes develops, there can be no assurance that it will provide holders of Notes with liquidity of investment or that it will continue for the life of the Notes. None of any Dealer or any of its respective affiliates is under any obligation to make a market in, or otherwise offer to repurchase or unwind the terms of, any Notes. In the event that any Dealer or any of its affiliates commences any market making, it may discontinue doing so at any time without notice. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in, and the financial and other risks associated with an investment in, the Notes. Investors must be prepared to hold the Notes for an indefinite period of time or until the final redemption or maturity of the Notes.



## **Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will not pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agents. In addition, in the event that a payment in respect of the Notes is or becomes subject to a withholding or deduction for or on account of any taxes, no additional amount will be payable to Noteholders as a result of such withholding or deduction.

## **Legality of Purchase**

None of the Issuer, any of the Programme Parties or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

## **Volatility**

The market value of the Notes (whether indicative or firm) will vary over time and may be significantly less than par (or even zero) in certain circumstances. The Notes may not trade at par or at all.

## **Independent Review and Advice**

Each prospective purchaser of Notes is responsible for making its own investment decision and its own independent investigation into and appraisal of the risks arising from an investment in the Notes as well as all risks associated with the issuers and/or obligors of any Charged Assets and the Swap Counterparty. Investors should ensure that they understand the nature and extent of their exposure to risk, that they have all requisite knowledge and experience in investment, financial and business matters and expertise (or access to professional advisers) to make their own legal, regulatory, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and to assess the suitability of such Notes in light of their own circumstances and financial condition.

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, that its acquisition and holding of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

## **No Representations in relation to the Charged Assets and the Charged Agreement**

None of the Issuer or any of the Programme Parties makes any representation or warranty, express or implied, in respect of any Charged Assets or any issuer or obligor of any Charged Assets or of any Swap Counterparty or in respect of the Charged Agreement or in respect of any information contained in any documents prepared, provided or filed by or on behalf of any such issuer or obligor or in respect of such Charged Assets or of the Swap Counterparty or in respect



of the Charged Agreement with any exchange, governmental, supervisory or self regulatory authority or any other person.

None of the Issuer or any of the Programme Parties makes any representation or warranty in respect of the Charged Assets or in respect of the Swap Counterparty.

### **Conflicts of Interest between the holders of Notes and the Issuer and Programme Parties**

Various potential and actual conflicts of interest may arise between the interests of the holders of Notes, on the one hand, and any of the Issuer and the Programme Parties, on the other hand, as a result of the various businesses and activities of such persons, and none of such persons is required to resolve such conflicts of interest in favour of the holders of such Notes.

Such persons may deal in Charged Assets and other obligations and interests in and of the issuer or obligor thereof or the Swap Counterparty, may acquire or accept information from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, any issuer or obligor of a Charged Asset or the Swap Counterparty or otherwise. In connection therewith, such persons may pursue such actions and take such steps as they each deem necessary or appropriate in their discretion to protect their respective interests, and in the same manner as if the Notes did not exist and, without regard as to whether such action or steps might have an adverse effect on the Notes, the Charged Assets, or other obligations or interests of the issuers or obligors thereof or any holders of Notes.

### **No Fiduciary Role**

None of the Issuer, any of the Programme Parties or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Trustee) assumes any fiduciary obligation, to any purchaser of Notes.

None of the Issuer or any of the Programme Parties assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any issuer or obligor of the Charged Assets or the terms thereof or of any Swap Counterparty or the terms of the Charged Agreement.

Investors may not rely on the views or advice of the Issuer, or any of the Programme Parties for any information in relation to any person other than such Issuer or Programme Party, respectively.

### **Provision of Information in relation to the Swap Counterparty or any issuer or other obligor of the Charged Assets**

None of the Issuer, any of the Programme Parties or any of their respective affiliates makes any representation as to the credit quality of any Swap Counterparty or any issuer or other obligor of the Charged Assets. Any of the foregoing persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Swap Counterparty or any issuer or other obligor of the Charged Assets. None of such persons is under any obligation to make such information available to Noteholders.

### **Limited Recourse**

All payments to be made by the Issuer in respect of the Notes and the Charged Agreement relating to the Series will only be due and payable from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Collateral in respect of the Series.



To the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty expected to receive (the difference being referred to herein as a “**shortfall**”), such shortfall will be borne, following enforcement of the security for the Notes, in the inverse of the order of priorities on enforcement specified in Condition 4(d), as amended by this Series Memorandum and the related Constituting Instrument.

Each holder of Notes by subscribing for or purchasing the Notes and the Swap Counterparty will be deemed to accept and acknowledge that it is fully aware that:

- (1) the holders of the Notes and the Swap Counterparty shall look solely to the sums referred to in the first paragraph of this section, as applied in accordance with the order of priorities referred to in the second paragraph of this section (the “**Relevant Sums**”), for payments to be made by the Issuer in respect of the Notes and the Charged Agreement relating to the Series;
- (2) the obligations of the Issuer to make payments in respect of the Notes and the Charged Agreement will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer (or any of its rights, assets or properties), the Dealer, the Swap Counterparty or any other Programme Party or person and, without limiting the generality of the foregoing, any right of the holders of the Notes and the Swap Counterparty to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
- (3) the holders of the Notes and the Swap Counterparty shall not be entitled to petition for the winding up of, or the appointment of an examiner to, the Issuer as a consequence of any such shortfall take any other insolvency or analogous proceedings.



## DOCUMENTS INCORPORATED BY REFERENCE

The following information contained in the Programme Memorandum is incorporated by reference into this Series Memorandum.

The table below sets out the relevant page references for the information incorporated herein by reference:

### ***From the Programme Memorandum***

<b>Section</b>	<b>Page(s)</b>
Overview of Programme	Pages 6 to 20
Risk Factors	Pages 21 to 36
Terms and Conditions of the Notes	Pages 41 to 92
Summary of provisions relating to Notes while in Global Form	Pages 93 to 98
Custody Arrangements	Page 100
Description of the Charged Agreement	Pages 101 to 102
Description of the Issuer	Pages 103 to 105
Taxation	Pages 106 to 110
Subscription and Sale	Pages 111 to 114
General Information	Pages 115 to 116

The parts of the Programme Memorandum not listed in the table above are either not relevant for an investor or are covered elsewhere in this Series Memorandum. Accordingly, any information not listed in the table above but included in the Programme Memorandum is given for information purposes only.

Any statement contained in the Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Series Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Memorandum except as modified or superseded.

The Programme Memorandum is available on the website of the Irish Stock Exchange at [http://ise.ie/debt\\_documents/Base%20Prospectus\\_f1708673-17f3-4c54-b334-a11cb5dd0f1c.PDF](http://ise.ie/debt_documents/Base%20Prospectus_f1708673-17f3-4c54-b334-a11cb5dd0f1c.PDF)



## TERMS AND CONDITIONS OF THE NOTES

### CiMA Finance Designated Activity Company

#### EUR 10,000,000,000 Programme for the issue of Notes and the making of Alternative Investments

#### under the MULTI-ISSUER CAPITAL MARKETS ACCESS PLATFORM

Series 2017-1

EUR 10,000,000 Floating Rate Secured Limited Recourse Notes due 2026 (the “**Notes**”)

The Notes shall have the following terms and conditions (the “**Terms**”) which shall complete, modify and amend the Master Conditions (December 2016 Edition) (as set out in the Issuer’s Programme Memorandum dated 23 December 2016 under the heading “Terms and Conditions of the Notes”) which shall apply to the Notes as so completed, modified and amended (the “**Master Conditions**”). References to “**Conditions**” or “**Condition**” be construed in relation to the Notes as a reference to the Master Conditions as amended, supplemented or restated by the Terms.

Unless the context otherwise requires, expressions used herein and not otherwise defined herein or in the Programme Memorandum shall have the meanings ascribed to them by the provisions of the Charged Agreement (including the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and incorporated by reference into the confirmation with respect to the Charged Agreement).

- |    |        |   |  |
|----|--------|---|--|
| 1. | (i)    | Issuer:                                 | CiMA Finance Designated Activity Company |
|    | (ii)   | Arranger                                | Abbey National Treasury Services plc     |
|    | (iii)  | Dealer                                  | Banco Santander, S.A.                    |
|    | (iv)   | Swap Counterparty:                      | Banco Santander, S.A.                    |
|    | (v)    | Trustee:                                | Deutsche Trustee Company Limited.        |
|    | (vi)   | Issue Agent and Principal Paying Agent: | Deutsche Bank AG, London Branch          |
|    | (vii)  | Irish Listing Agent:                    | Deutsche Bank Luxembourg, S.A.           |
|    | (viii) | Custodian:                              | Banco Santander, S.A.                    |
|    | (ix)   | Interest Calculation Agent:             | Banco Santander, S.A.                    |
|    | (x)    | Common Depositary:                      | Deutsche Bank AG, London Branch          |
|    | (xi)   | Determination Agent:                    | Banco Santander, S.A.                    |
|    | (xii)  | Realisation Agent:                      | Banco Santander, S.A.                    |
| 2. | (i)    | Series Number:                          | 2017-1.                                  |



(ii) Tranche Number: Not applicable.

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

(iii) Specified Currencies: Currency or Euro (“euro”, “EUR”, “€”).

3. Principal Amount: The aggregate principal amount of the Notes is EUR 10,000,000.
4. Status: The Notes are secured and limited recourse obligations of the Issuer ranking *pari passu* and rateably without preference among themselves, recourse in respect of which is limited in the manner described in the Conditions. The Notes are subject to Swap Counterparty Priority, as specified in Condition 4(d).
5. Issue Price: 100 per cent. of the Principal Amount.
6. Net proceeds: EUR 10,000,000.
7. Authorised Denomination: EUR 100,000.
8. Issue Date: 16 March 2017.
9. Maturity Date: 15 September 2026, subject to adjustment in accordance with the Modified Following Business Day Convention.
10. Charged Assets: EUR 10,000,000 nominal amount of Buoni del Tesoro Poliennali due 15 September 2026 issued by the Treasury Department of the Republic of Italy. ISIN: IT0004735152.  
  
The Charged Assets will be delivered on the Issue Date by the Swap Counterparty to the Depositary Account held by the Custodian on behalf of the Issuer as provided in the Swap Transaction (see paragraph 13 - Charged Agreement below).  
  
Pursuant to the Credit Support Annex (as defined in paragraph 13 below), the Issuer shall from time to time, when required to by the terms of the Credit Support Annex, transfer some or all the Charged Assets forming part of the Charged Assets to the Swap Counterparty. Such Charged Assets once transferred will no longer form part of the Charged Assets. To the extent that any Charged Assets so transferred are subsequently returned by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex, such Charged Assets shall be credited to the Depositary Account and shall



thereupon be comprised in the Charged Assets.

The Charged Assets shall also include all securities or cash which may be transferred to the Issuer by the Swap Counterparty pursuant to the Credit Support Annex (the “**Credit Support Assets**”). Any such Credit Support Assets shall be held by the Custodian on behalf of the Issuer and the Issuer shall only be entitled to realise the value of such Credit Support Assets upon early redemption of the Notes in circumstances where an Event of Default has occurred pursuant to the Swap Agreement.

11. Depositary Account: The account of the Custodian in which the Charged Assets and any securities forming part of the Credit Support Assets are held from time to time.
12. Additional Charging Instrument: Not applicable.
13. Charged Agreement: The Charged Agreement with respect to the Notes is the International Swaps and Derivatives Association, Inc. 2002 form of Master Agreement (Multicurrency – Cross Border) and a schedule thereto dated as of the Issue Date between the Issuer and the Swap Counterparty, which the Issuer and the Swap Counterparty have entered into by executing the Constituting Instrument (the “**ISDA Master Agreement**”) as supplemented by a (a) confirmation entered into on the Issue Date (the “**Swap Confirmation**”) relating to an interest rate and asset swap transaction between the Issuer and the Swap Counterparty (the “**Swap Transaction**”); and (b) the ISDA 1995 form of the credit support annex (Bilateral Form-Transfer) (English Law) dated as of the same date and entered into with respect to the Swap Transaction (the “**Credit Support Annex**”).

The description of the Swap Transaction and the Credit Support Annex set out below are a summary of certain features of the Swap Transaction and the Credit Support Annex and are qualified by reference to the detailed provisions of the Swap Transaction and the Credit Support Annex.

#### *Payments under the Swap Transaction*

The Issuer will pay to the Swap Counterparty an amount equal to the net proceeds of the issue of the Notes and sums equal to principal payable from time to time in respect of the Charged Assets on each date under the terms of the Swap Transaction on which such amounts of principal are scheduled to be paid (all set out in the terms and conditions of the Charged Assets in force as of the Issue Date) and the Swap Counterparty will deliver the Charged



Assets on the Issue Date and pay the interest amounts payable on the Notes on each Interest Payment Date.

#### *Termination of the Swap Transaction*

The Swap Transaction may terminate prior to the Maturity Date of the Notes, in each of the following circumstances:

- (i) if at any time the Notes become subject to mandatory redemption (in whole) under Condition 7(b), Condition 7(c), Condition 7(d) or Condition 9;
- (ii) at the option of one party, if there is a failure by the other party to pay any amounts due, or to comply with or perform any obligation, under the Swap Transaction; and
- (iii) upon the occurrence of certain other events with respect to either party to the Swap Transaction, including insolvency.

Except as specified above and in certain other circumstances specified in the Swap Transaction, the Swap Transaction shall terminate on the Maturity Date.

#### *Consequences of Early Termination*

Upon any such early termination of the Swap Transaction, a termination payment may be payable by one party to the other determined on the basis of the replacement cost (or gain, in which case expressed as a negative number) that would have the effect of preserving the economic value for the other party of the Swap Transaction.

#### *Credit Support Annex*

Under the terms of the Credit Support Annex any Charged Assets or Credit Support Assets held by the Issuer will be released and transferred to the Swap Counterparty in the event that a Delivery Amount or Return Amount is due to the Swap Counterparty. When the Issuer transfers Eligible Credit Support in the event that a Delivery Amount is due, the Issuer will be an unsecured creditor of the Swap Counterparty for the return of Equivalent Credit Support.

In the event that Eligible Credit Support is delivered to the Issuer pursuant to the Credit Support Annex, the Issuer's rights against the Custodian pursuant to



the Custody Agreement will extend to and include the Credit Support Assets.

If the Notes become subject to mandatory redemption in full pursuant to the provisions of Condition 7(b) (*Mandatory redemption*), Condition 7(d) (*Redemption for taxation*) or are purchased pursuant to Condition 7(h) (*Purchase*) or redeemed on the Maturity Date, the Issuer shall return Equivalent Credit Support in relation to the Eligible Credit Support comprising the Swap Counterparty's Credit Support Balance to the Swap Counterparty or the Swap Counterparty shall return Equivalent Credit Support in relation to the Eligible Credit Support comprising the Issuer's Credit Support Balance on the due date for redemption of the Notes (as set out in more detail in the Credit Support Annex). However, if the Notes become subject to mandatory redemption under Condition 7(c) (*Redemption on termination of Charged Agreement*) following an Event of Default under the Swap Agreement, there shall be no return of Credit Support Assets by the Issuer or Equivalent Credit Support by the Swap Counterparty. Instead the Collateral shall become enforceable in accordance with the terms of Condition 4(c) and the Trust Deed.

**"Delivery Amount", "Return Amount", "Eligible Credit Support", "Equivalent Credit Support" and "Credit Support Balance"** shall have the meanings given to them in the Credit Support Annex.

14. Security:

The Collateral for the Notes comprises:

(A) a first fixed charge on and an assignment by way of security of, in favour of the Trustee, the Charged Assets, all debts represented thereby and all rights and Proceeds derived therefrom;

(B) (i) an assignment by way of security in favour of the Trustee of all the Issuer's rights against the Custodian under the Custody Agreement and all sums derived therefrom and (ii) a first fixed charge in favour of the Trustee of all funds in respect of such of the Charged Assets as are held from time to time by the Custodian;

(C) a first fixed charge in favour of the Trustee of (i) all funds and any other assets now or hereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes, the Receipts and the Coupons (if any) and the debts represented by such moneys;

(D) an assignment by way of security in favour of



the Trustee of all the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement and all sums derived therefrom;

(E) an assignment by way of security in favour of the Trustee as trustee of all the Issuer's rights, title, benefit and interest in, to and under the Charged Agreement and any sums and any other assets derived therefrom; and

(F) an assignment by way of security in favour of the Trustee of all the Issuer's right, title, benefit and interest in, to and under the Placing Agreement.

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| 15. | Fixed Rate Note Provisions:                       | Not applicable.   |
| 16. | Floating Rate Note Provisions:                    | Applicable from the Issue Date to the Maturity Date.  |
|     | (i) Floating Interest Period:                     | The first Floating Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the first Floating Interest Payment Date and each successive Floating Interest Period shall begin on (and include) a Floating Interest Payment Date and end on (but exclude) the next succeeding Floating Interest Payment Date.  |
|     | (ii) Interest Determination Date:                 | Two Business Days prior to the first day of each Interest Period.   |
|     | (iii) Benchmark:                                  | 10 years euro swap ISDA rate.   |
|     | (iv) Day Count Fraction:                          | 30/360.   |
|     | (v) Calculation Amount:                           | The outstanding principal amount of each Note.  |
|     | (vi) Primary Source for Interest Rate Quotations: | The Benchmark will be the annual swap rate for euro swap transactions for a period of ten years which appears on Reuters page ISDAFIX10Y under the heading "EURIBOR BASIS-EUR" and above the caption "11:00 AM FRANKFURT" as of 11.00 a.m. Frankfurt time on the relevant Interest Determination Date. If such rate does not appear on the Reuters Screen ISDAFIX2 Page, the rate for that Interest Determination Date will be determined by the Interest Calculation Agent, as a percentage, on the basis of the mid-market annual swap rate quotations provided by the five leading swap dealers in the interbank market, at approximately 11:00 am Frankfurt time on the relevant Interest Determination Date. |
|     |   | If for any reason the Interest Calculation Agent cannot determine the Benchmark as set out above, the Benchmark shall be determined by the Interest   |



			Calculation Agent in such manner as it deems appropriate, acting in good faith and in a commercially reasonable manner.
	(vii) Spread:		Not applicable.
	(viii) Maximum Interest Rate:		5.50 per cent. per annum.
	(ix) Minimum Interest Rate:		2.00 per cent. per annum.
	(x) Floating Interest Payment Dates:		15 September in each year commencing on 15 September 2017 and ending on (and including) the Maturity Date.
	(xi) Business Day Convention:		Modified Following with no adjustment to interest payable.
17.	Zero Coupon Note Provisions:		Not applicable.
18.	Interest Only Note Provisions:		Not applicable.
19.	Long Maturity Note Provisions:		Not applicable.
20.	Index-Linked/Credit-Linked Provisions:	Note	Not applicable.
21.	Variable Coupon Amount Provisions:	Note	Not applicable
22.	Dual Currency Note Provisions:		Not applicable.
23.	Other Type of Note Provisions:		Not applicable.
24.	Call/Put Option:		Not applicable and therefore, Condition 7(g) shall not apply.
25.	Scheduled Redemption Amount:		Unless redeemed earlier as otherwise provided herein, each Note shall be redeemed on the Maturity Date at its outstanding principal amount.
26.	Early Redemption Amount payable on mandatory redemption, redemption for taxation reasons or on termination of the Charged Agreement or on default and the method of calculating the same (if required or if different from that set out in the Conditions):		If the Notes become subject to early redemption pursuant to Condition 7(b), Condition 7(c), Condition 7(d) or Condition 9, the Notes shall be early redeemed at an amount equal to a pro rata share of the (i) realisation proceeds of the Charged Assets, (ii) plus any swap termination payment (if any) payable by the Swap Counterparty to the Issuer or minus any swap termination payment (if any) payable by the Issuer to the Swap Counterparty under the Swap Transaction, (iii) minus any fees, costs and expenses incurred in connection with the Early Redemption of the Notes (all as described in Conditions 4 and 7(f) of the Notes).



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| 27. | Notes issued in bearer or registered form:   | Bearer.  |
| 28. | Whether Notes will be C Notes or D Notes:  | D Notes.   |
| 29. | Provisions for exchange of Temporary Global Note:  | The Temporary Global Note shall be exchangeable for a Permanent Global Note on or after 40 days from the Issue Date (or such later date as may be determined to be the Exchange Date in accordance with the terms of such Temporary Global Note) upon certification as to non-U.S. beneficial ownership.   |
| 30. | Provisions for exchange of Permanent Global Note:  | The Permanent Global Note shall be exchangeable for definitive Bearer Notes in the limited circumstances set out in Condition 1(a)(1).   |
| 31. | New Global Note:   | No   |
| 32. | Talons to be attached to the Notes and, if applicable, the number of Interest Payment Dates between the maturity for each Talon: | No.  |
| 33. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:  | None.  |
| 34. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:                       | Not applicable.  |
| 35. | Listing and Admission to Trading:  | Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. No guarantee can be given that the Notes will be listed and if listed, will continue to be listed for the terms of the Notes. Although the ultimate decision as to whether any application is accepted is at the discretion of the Irish Stock Exchange, all reasonable efforts will be made to ensure that such application to list the Notes is accepted. |
| 36. | Rating:  | The Notes will not be rated.   |
| 37. | Business Days:   | Any day on which the Trans-European-Automated Real-time Gross settlement Express Transfer (TARGET2) system or its successor in business is open.   |
| 38. | Settlement Procedures:   | The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.  |
| 39. | Alternative Clearing System:   | Not applicable.  |



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|-----|---|---|
| 40. | ISIN Code:  | XS1571087862.   |
| 41. | Common Code:  | 157108786.  |
| 42. | Intended to be held in a manner which would allow Eurosystem eligibility: | No.   |
| 43. | Agent for service of process:   | For the purposes of Condition 18 (Governing Law and Submission to Jurisdiction), the Issuer has appointed Abbey National Treasury Services plc as its agent for service of any proceedings in England in relation to the Notes and the Constituting Instrument. |

## DISTRIBUTION

- |     |  |   |
|-----|--|---|
| 44. | Distribution   |   |
|     | (i) If syndicated, names and addresses of managers and underwriting commitments: | Not applicable.   |
|     | (ii) Stabilising manager (if any):   | Not applicable.   |
|     | (iii) TEFRA:   | The D Rules are applicable.   |
|     | (iv) Additional selling restrictions:  | Not applicable.   |
| 45. | Post-issuance information:   | Not applicable.   |
| 46. | Additional provisions  |   |
|     | Condition 7(b)(1):   | <p>Condition 7(b)(1) shall be deleted and replaced with the following:</p> <p>“(a) there occurs any failure to pay any amount of interest in respect of the Charged Assets, strictly in accordance with their terms and conditions in force as of the Issue Date or (b) any Charged Assets is declared due and payable, or becomes capable of being declared due and payable prior to its originally scheduled maturity date for any reason whatsoever or (c) the terms and conditions of any Charged Assets are revised or supplemented or amended so that payments of principal, interest or any other amounts due will not be paid on the dates or in the amounts or in the currency or in the order of priority set out in their terms and conditions in place as at the issue date of such Charged Assets; or”</p> |



## DESCRIPTION OF THE CHARGED ASSETS

*The following information relating to the Charged Assets and the obligor with respect to the Charged Assets is a summary only and has been extracted from public sources. The following information has been accurately reproduced from public sources. So far as the Issuer is aware and is able to ascertain from such public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. None of the Dealer, the Trustee, or the Swap Counterparty has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into the Charged Assets and the obligor with respect to the Charged Assets.*

Issuer:	Republic of Italy.
Address:	Senato della Repubblica, Piazza Madama 00186, Roma, Italy.
Nature of business:	Sovereign.
Description of the Charged Assets:	EUR 10,000,000 nominal amount of Buoni del Tesoro Poliennali due 15 September 2026 issued by the Treasury Department of the Italian Government. ISIN: IT0004735152
Listing:	DomesticMOT (an Italian regulated market for the purposes of the Prospectus Directive).
Governing Law:	Italian law.



## **DESCRIPTION OF THE CHARGED AGREEMENT**

The Issuer and the Swap Counterparty have, by executing the Constituting Instrument, entered into, in relation to the Notes, a International Swaps and Derivatives Association, Inc. 2002 form of Master Agreement (Multicurrency – Cross Border) and Schedule thereto in the form of the Master Charged Agreement Terms (December 2016 Edition) which will be supplemented by (a) a confirmation of the Swap Transaction (b) a Credit Support Annex (each as defined in paragraph 13 of the Terms and Conditions above).

Provided that it has not been terminated earlier, the Swap Transaction will terminate on the Maturity Date. Payments of interest and principal to the Noteholders, save as expressly stated herein, are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Charged Agreement.



## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, being the sum of EUR 10,000,000, will be used by the Issuer in order to make an initial exchange under the Swap Transaction on the Issue Date. The Swap Counterparty has a corresponding obligation to transfer the Charged Assets to the Issuer.



## SUBSCRIPTION AND SALE

### United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws. Consequently, the Notes may not be offered, sold, or otherwise transferred within the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the Securities Act). The Issuer has not been and will not be registered under the 1940 Act.

Bearer Notes will be subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to or for the account of a U.S. person. Terms used in this paragraph have the meanings given to them in the Code.

Additionally, Notes may not be offered, sold, delivered or transferred within the United States or to or for the account or benefit of U.S. Persons under any circumstances before the end of the 40-Day Restricted Period. **Persons considering the purchase of Notes should consult their own legal advisers concerning the application of U.S. securities laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other relevant jurisdictions.**

In addition, until 40 days after the commencement of the offering of any Series or Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if not made in accordance with the provisions hereof.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Arranger and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the prospectus in relation to the Notes or Alternative Investments specifies that an offer of those Notes or Alternative Investments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes or Alternative Investments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the prospectus contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;



- (c) at any time if the denomination per Note being offered amounts to at least EUR 100,000 (or equivalent); or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

### **United Kingdom**

Unless otherwise provided in the relevant Placing Agreement, the Arranger and each Dealer will in each Placing Agreement to which it is party agree in relation to the Notes or Alternative Investments to be purchased or entered into thereunder that:

- (a) it has only communicated or caused to be communicated, and it will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes or the making of any Alternative Investments in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (b) in relation to any Notes or Alternative Investments which have a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes or Alternative Investments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes or the making of the Alternative Investments would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA) with respect to anything done by it in relation to the Notes or Alternative Investments in, from or otherwise involving the United Kingdom.

### **Kingdom of Spain**

Neither the Notes nor the Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Therefore, neither the Notes nor the Base Prospectus are intended for any public offer of the Notes in the Kingdom of Spain in compliance with the requirements of Royal Decree 4/2015, of 23 October, on the Spanish Securities Market (as amended from time to time) implementing the Prospectus Directive, Royal Decree 1310/2005, of 4 November, on admission to listing and on issues and public offers of securities (as amended from time to time) and any other regulation developing them which may be in force from time to time. Accordingly, no Notes will be offered, marketed nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Kingdom of Spain, except in other circumstances which are exempted from the rules on public offerings pursuant to Article 35 of Royal Decree 4/2015, of 23 October, on the Spanish Securities Market.

Any offer of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Kingdom of Spain shall be made under circumstances which are exempted from the rules on public offerings. Except when the offer is addressed to qualified



investors, any offer or placement of the Notes must be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Kingdom of Spain in accordance with Royal Decree 4/2015, of 23 October, on the Spanish Securities Market.

## Ireland

Each Dealer represents, warrants and agrees that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes or Alternative Investments, or do anything in Ireland in respect of the Notes or Alternative Investments, otherwise than in conformity with the provisions of:

- (a) the Irish European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) (the “**MiFID Regulations**”), including, without limitation, Parts 6, 7, and 12 thereof, any codes of conduct made thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Irish Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989 (as amended);
- (c) the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) (the “**Prospectus Regulations**”), the Irish Companies Act 2014 (as amended) (the “**Companies Act**”) and any rules issued under Section 1363 of the Companies Act by the Central Bank of Ireland (the “**Central Bank**”);
- (d) the Market Abuse Regulation (EU 596/2014), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules issued under Section 1370 of the Companies Act by the Central Bank; and
- (e) any issue of the Notes with a legal maturity of less than one year will be carried out in strict compliance with the Central Bank of Ireland's implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or up-dated from time to time) and issued pursuant to Section 8(2) of the Irish Central Bank Act 1971 (as amended).



## INFORMATION RELATING TO THE ISSUER

### 1. **Authorisation**

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 15 March 2017.

### 2. **Interests of Natural and Legal Persons in the Issue**

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

### 3. **Litigation**

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the financial position of the Issuer.

### 4. **Documents Available**

Copies of the following documents will be available for inspection by physical means during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the specified office of the Principal Paying Agent in London for so long as any of the Notes shall remain outstanding:

- (A) this Series Memorandum and the Programme Memorandum;
- (B) the Constituting Instrument dated 16 March 2017 and the Charged Agreement constituted thereby; and
- (C) the Memorandum and Articles of Association of the Issuer.

### 5. **Clearing Systems and Settlement**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or such other clearing system approved by the Issuer and the Trustee. The common code and ISIN for the Notes, will be 157108786 and XS1571087862 respectively.

### 6. **Post Issuance Reporting**

The Issuer does not intend to provide post-issuance transaction information.

### 7. **Estimated Total Expenses**

The Issuer takes responsibility for the expenses relating to the admission to trading of the Notes being such cost EUR 3,141.20.



## INFORMATION RELATING TO THE SWAP COUNTERPARTY

*The following information relating to the Swap Counterparty is a summary only and has been extracted from public sources. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Swap Counterparty:	Banco Santander, S.A.
Address of the Swap Counterparty:	Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660, Boadilla del Monte, Spain
Country of incorporation:	Spain
Business Activities:	Banco Santander, S.A. and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering wide range of financial products.
Listing:	Banco Santander, S.A. is listed on the regulated market of the Madrid Stock Exchange and is the guarantor of securities admitted to trading on the regulated market of the Irish Stock Exchange.



## **REGISTERED OFFICE OF THE ISSUER**

### **CiMA Finance Designated Activity Company**

Pinnacle 2, Eastpoint Business Park  
Alfie Bryne Road  
Dublin 3  
Ireland

## **ARRANGER**

### **Abbey National Treasury Services plc**

2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom

## **DEALER**

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Avenida de Cantabria s/n  
28660, Boadilla del Monte,  
Madrid  
Spain

## **TRUSTEE**

### **Deutsche Trustee Company Limited**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

## **ISSUE AGENT AND PRINCIPAL PAYING AGENT**

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

## **REALISATION AGENT AND CUSTODIAN**

### **Banco Santander, S.A.**

Oficina Producto /Activo  
Suc. 1500 Banca Corporativa /Suc. 5033  
Sociedades Filiales  
Complejo Tripark Edificio C Planta 2ª  
Jacinto Benavente, 2  
28232 Las Rozas  
Madrid

## **LEGAL ADVISERS**

*To the Dealer as to English law*

### **Simmons & Simmons LLP**

Miguel Angel 11  
28010 Madrid  
Spain

*To the Issuer as to Irish law*

### **A&L Goodbody Solicitors**

25-28 North Wall Quay  
Dublin 1  
Ireland



**IRISH LISTING AGENT**

**Deutsche Bank Luxembourg, S.A.**  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg