Risks Related to the Use of Benchmarks in Debt Securities

This section shall be read in conjunction with the section entitled “General Risks Related to the use of Benchmarks”.

Issuers should consider the risks associated with issuing debt securities (including asset-backed securities) which reference Benchmarks (and any associated hedging transactions) and do not contain fallback mechanisms that address the cessation of Benchmarks.

Issuers are encouraged to review the terms and conditions of their outstanding debt securities which reference Benchmarks which may be disrupted or discontinued before their maturity date, to identify and assess the fallback mechanisms which would be applicable and consider the necessity of amending the terms of such debt securities to address the risk of Benchmark discontinuation or of such Benchmarks being deemed unrepresentative. Issuers should also ensure that their offering documents include detailed risk factors relating to Benchmark discontinuation or of such Benchmarks being deemed unrepresentative and alternative fallback mechanisms which attempt to provide a way by which a future alternative rate might be identified.

Previously issued debt securities contain fallback mechanisms that address temporary disruptions in the event that a Benchmark ceases to be quoted or is unavailable in the market.

Where the Benchmark is not published on the relevant screen page, provisions may provide for a fallback first to various iterations of rates to be determined by reference banks and finally to a fixed rate using the last available floating rate (or rate of the preceding interest period) for the remaining life of the bonds. Where such a fallback applies, since reference banks may be unwilling to provide the quotes needed to implement the first stage of this fallback process, this may effectively result in the floating rate debt securities becoming fixed rate debt securities. Another fallback which may have been provided is for the appointment of an independent adviser by the issuer to determine a rate by reference to a successor or alternative rate and an adjustment spread (if applicable) or, if the issuer is unable to appoint an independent adviser or the independent adviser fails to make such determination, the issuer shall make such determination. Other floating rate debt securities may have different fallbacks applicable.

Investors looking to buy, or who have bought, debt securities that reference Benchmarks from issuers (including any such debt securities which have been issued, or distributed, by SCB) may find that Benchmark reform regulations may affect the performance of such Benchmarks, cause such Benchmarks to cease or have other unintended consequences.

Investors should also be aware that any such consequence, including as a result of the application of an alternative fallback mechanism, could have a material adverse effect on the value of and return on any debt securities linked to or referencing such a Benchmark.

Uncertainty regarding the continued availability of Benchmarks, as well as the rate of interest that would be applicable to debt securities referencing Benchmarks if Benchmarks are discontinued, deemed unrepresentative or cease to be published, may negatively affect the trading market for and trading price of such debt securities. Any developments, including developments resulting from international, national or other initiatives for reform or the adoption of successor or alternative benchmark reference rates in
the international debt capital markets, could have a material adverse effect on the value of and return on
debt securities referencing Benchmarks.

Investors should make their own assessment about the potential risks imposed by the Benchmark reform
regulations and consult their own independent advisers in making any investment decision with respect
to debt securities linked to a Benchmark.