

PRESS RELEASE

**IPMA Updates EU Savings Tax Language and Guidance following
Adoption of EU Savings Directive**

On 15 February 2001 IPMA released standard tax exemption language for inclusion in bond and medium term note issues to take account of the proposals by the EU to adopt a directive on the taxation of savings income (the “**Savings Directive**”).

On 3 June this year the European Union, pursuant to those earlier proposals, adopted the Savings Directive in what is expected to be its final form.

IPMA is now pleased to update its standard EU tax exemption tax language for inclusion in bond and medium term note issues to take account of the adoption of the Savings Directive.

The update has been prepared by a group of leading law firms active in the international capital market.

The changes from the previous IPMA standard language are not substantive, and are made simply to take account of the fact the previous proposals for the Savings Directive have now been formally adopted without material amendment.

IPMA anticipates that issuers and lead managers will generally wish to update documentation to reflect the fact the Savings Directive has now been adopted.

It should, however, be noted that, precisely because the changes are not substantive:

- there is no need for issuers who are using the original IPMA EU language in programme documentation to update their programmes in light of the adoption of the Savings Tax Directive earlier than they otherwise would; the original IPMA language will still operate as intended;
- where issuers have updated their programme documentation to incorporate the new IPMA EU Savings Tax Directive language enclosed with this Press Release but wish to tap pre-existing issues incorporating the earlier IPMA EU language, they will need to dis-apply the updated language so the new issue is made on exactly the same terms as the pre-existing issue in order that the terms of the two issues are fully fungible. The original IPMA EU language incorporated into the new issue in this way will still operate as intended.

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Recommended Amendments to Pre-Existing IPMA EU Language

I. Exceptions to Gross-Up

[The gross up language will not apply in respect of any Note or Coupon....]:

“(-) where [such withholding or deduction] is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(-) presented for payment by or on behalf of a [holder] who would have been able to avoid such withholding or deduction by presenting the relevant [Note/Coupon] to another [Paying Agent] in a Member State of the EU.”

II. Additional Issuer Undertaking

“The [issuer] undertakes that, if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.”

III. EU Tax Disclosure

“The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 January 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. [It is expected that a number of third countries and territories including [insert name] will adopt similar measures with effect from the same date.*]”

* A number of third countries are expected to introduce “equivalent measures” to the Savings Directive. Where the issuer is itself located in such a jurisdiction a full tax paragraph will normally be inserted for that jurisdiction. Where the issuer is not itself located in such a jurisdiction but has a paying agent who is, consider inserting the words in parenthesis.