

# 2020 ~~WIRECARD AG~~ MATALAN FINANCE PLC CREDIT DERIVATIVES AUCTION SETTLEMENT TERMS

published on ~~July 27~~ September [●], 2020

by DC Administration Services, Inc. ("DCAS") on behalf of the International Swaps and Derivatives Association, Inc.<sup>1</sup>

Any capitalized term used but not defined in these 2020 ~~Wirecard AG~~ Matalan Finance Plc Credit Derivatives Auction Settlement Terms (these "**Credit Derivatives Auction Settlement Terms**") shall have the meaning given to the relevant capitalized term in (a) the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**") (as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**")) or (b) the Credit Derivatives Determinations Committees Rules, as amended from time to time and as most recently published by the DC Secretary on behalf of ISDA on the Website as of the date hereof (the "**Rules**"), as applicable. In the event of any inconsistency between the 2014 Definitions and these Credit Derivatives Auction Settlement Terms, these Credit Derivatives Auction Settlement Terms shall govern.

For purposes of Article VI (Terms Relating to Auction Settlement) of the 2014 Definitions, the DC Secretary has published these Credit Derivatives Auction Settlement Terms on behalf of ISDA to enable parties to Auction Covered Transactions to settle such Auction Covered Transactions based upon an Auction Final Price determined according to an auction procedure on the terms set out below.

In circumstances where these Credit Derivatives Auction Settlement Terms are published following (a)(i) a Restructuring for the purpose of settling Credit Derivative Transactions incorporating the Updated 2003 Definitions for which "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable", as applicable, is specified in the related Confirmations, or (ii) an M(M)R Restructuring in the case of a Credit Derivative Transaction incorporating the 2014 Definitions, and (b) more than one Designated Range of Scheduled Termination Dates is specified in Schedule 1, these Credit Derivatives Auction Settlement Terms shall be construed as constituting two or more separate sets of Credit Derivatives Auction Settlement Terms, each referencing a different set of Permissible Deliverable Obligations, each specifying a different Designated Range of Scheduled Termination Dates, each specifying a different Maximum Initial Market Bid-Offer Spread and each relating to a separate set of Auction Covered Transactions, but each otherwise identical in all respects (except as otherwise specified). The procedures set forth in these Credit Derivatives Auction Settlement Terms shall be conducted by the Administrators separately for each set of Auction Covered Transactions (each such auction procedure for purposes of the relevant set of Credit Derivatives Auction Settlement Terms, an "**Auction**"), except that the procedures set forth in Sections 1 and 2 of these Credit Derivatives Auction Settlement Terms shall be conducted once and applied to each Auction.

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<sup>1</sup> DCAS has been appointed by ISDA as the DC Secretary pursuant to the Rules. These Credit Derivatives Auction Settlement Terms are published on behalf of ISDA by the DC Secretary on the Website pursuant to the requirement of Section 6.7 of the 2014 Definitions.

## 1 **List of Participating Bidders**

On or before the later of (a) the date of publication of these Credit Derivatives Auction Settlement Terms and (b) the Business Day prior to the Originally Scheduled Auction Currency Fixing Date, the Administrators will publish one or more lists of the institutions that will act as participating bidders (each such institution, a "**Participating Bidder**"), which lists will consist of (i) each Global Dealer Voting Member, Global Dealer Consultative Member, Regional Dealer Voting Member and Regional Dealer Consultative Member that is a Convened DC Member of the relevant Convened DC (unless the Administrators are otherwise notified by any such Convened DC Member that such Convened DC Member does not intend to participate in the Auction, in which case such Convened DC Member will not be included on the list of Participating Bidders published by the Administrators), subject to Sections 1.10(e)(i) and 1.10(f) of the Rules and (ii) any other institution that submits to the DC Secretary a Participating Bidder Letter that (A) is effectively received by the DC Secretary no later than ~~5:00 p.m.~~[12:00 p.m.](#) Relevant City Time on the later of (I) the date that is five Business Days prior to the Originally Scheduled Auction Currency Fixing Date and (II) the Business Day following publication of these Credit Derivatives Auction Settlement Terms and (B) is approved by the relevant Convened DC pursuant to Section 3.2(b)(ii) of the Rules. Following the initial publication of the list of Participating Bidders but prior to the Auction Date, the Administrators may publish revisions to such list to add further Participating Bidders or remove previously included Participating Bidders.

## 2 **Determining the Auction Currency Rate**

On the relevant Auction Currency Fixing Date, the Administrators will determine the rate of conversion (each, an "**Auction Currency Rate**") as between the Relevant Currency and the currency of denomination of each Deliverable Obligation (a "**Relevant Pairing**") as follows:

- (a) **Currency Rate Source.** Where it is possible for the Administrators to determine the rate of conversion for a Relevant Pairing by reference to the Currency Rate Source on the relevant Auction Currency Fixing Date, the relevant rate of conversion shall be the Auction Currency Rate for such Relevant Pairing.
- (b) **Currency Rate Source Unavailable.** On each Business Day from, and including, the relevant Auction Currency Fixing Date to, and including, the earlier of (i) the Auction Final Price Determination Date and (ii) the Auction Cancellation Date, the Administrators will determine whether an Auction Currency Rate can be determined for any Relevant Pairing in accordance with Section 2(a) of these Credit Derivatives Auction Settlement Terms. If the Administrators are not able to determine an Auction Currency Rate for any Relevant Pairing in accordance with Section 2(a) of these Credit Derivatives Auction Settlement Terms on any such Business Day, the Administrators will determine the Auction Currency Rate for each such Relevant Pairing as follows:
  - (A) Between 1:45 p.m. and 2:00 p.m. Relevant City Time on any such Business Day (in the case where the Relevant Transaction Type is included in the Americas), or between 8:45 a.m. and 9:00 a.m. Relevant City Time on the Business Day following any such Business Day (in the case where the Relevant Transaction Type is included in any Region other than the Americas), the Administrators will seek to obtain from each Participating Bidder, and each Participating Bidder may submit, the mid-market rate of conversion, determined by each such Participating Bidder in a commercially reasonable manner, for each such Relevant Pairing.
  - (B) If more than three such rates are obtained by the Administrators, the Auction Currency Rate will be the arithmetic mean of such rates, without regard to the rates having the highest and lowest values. If exactly three rates are obtained, the Auction Currency Rate will be the rate remaining after disregarding the rates having the highest and lowest values. For this purpose, if more than one rate has the same

## Schedule 1

### 2020 ~~Wirecard AG~~ Matalan Finance Plc Credit Event Auction-Specific Terms

This Schedule 1 sets out the following auction-specific terms applicable to these Credit Derivatives Auction Settlement Terms:

"Affected Reference Entity" means ~~Wirecard AG~~ Matalan Finance Plc.

"Auction Date" means ~~July 29~~ September 15, 2020.

"Auction Settlement Date" means the later of (a) the date that is three Business Days following the Auction Final Price Determination Date and (b) ~~August 3~~ September 18, 2020.

"Cap Amount" means ~~12~~ 12 per cent.

"Credit Event Resolution Request Date" means ~~June 26~~ July 30, 2020

"Deliverable Obligation Terms" means:

(a) for Credit Derivative Transactions incorporating the 2014 Definitions:

<u>Deliverable Obligation Category</u>	<u>Deliverable Obligation Characteristics</u>
Bond or Loan	Not Subordinated Specified Currency Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer

and for which (i) the "Reference Obligation" is ~~either (A) any of the bonds on the Final List; or (B) any senior obligation of the Affected Reference Entity which has already been redeemed, repaid and/or otherwise has expired or no longer exists or (ii) no "Reference Obligation" is specified.~~ the GBP130,000,000 9.50% Second Lien Secured Notes due 2024 (ISINs: XS1756325491 (Rule 144A) and XS1756324684 (Regulation S)); or (B) GBP150,000,000 8.875% Second Lien Secured Notes due 2020 (ISIN XS1070709404 (Rule 144A) and XS1070709313 (Regulation S)).

(b) for Credit Derivative Transactions incorporating the Updated 2003 Definitions:

<u>Deliverable Obligation Category</u>	<u>Deliverable Obligation Characteristics</u>
<u>Bond or Loan</u>	<u>Not Subordinated</u> <u>Specified Currency</u> <u>Not Contingent</u> <u>Assignable Loan</u> <u>Consent Required Loan</u> <u>Transferable</u> <u>Maximum Maturity: 30 years</u> <u>Not Bearer</u>

and for which the "Reference Obligation" is either (A) the GBP130,000,000 9.50% Second Lien Secured Notes due 2024 (ISINs: XS1756325491 (Rule 144A) and XS1756324684 (Regulation S)); or (B)

[GBP150,000,000 8.875% Second Lien Secured Notes due 2020 \(ISIN XS1070709404 \(Rule 144A\) and XS1070709313 \(Regulation S\)\)](#).

"Designated Range of Scheduled Termination Dates" is not applicable.

"Final Maturity Bucket" is not applicable.

"Initial Bidding Information Publication Time" means 11:00 a.m. Relevant City Time.

"Initial Market Quotation Amount" means ~~EUR1,000,000~~[GBP1,000,000](#).

"Maximum Initial Market Bid-Offer Spread" means ~~2~~[4](#) per cent.

"Minimum Number of Valid Initial Market Submissions" means 6 Valid Initial Market Submissions.

"Originally Scheduled Auction Currency Fixing Date" means ~~July 27~~[September 11](#), 2020.

"Originally Scheduled Initial Bidding Period" means the period between 9:30 a.m. and 10:00 a.m. Relevant City Time.

"Originally Scheduled Subsequent Bidding Period" means the period between 1:30 p.m. and 2:00 p.m. Relevant City Time.

"Other Initial Bidding Period" is not applicable.

"Other Originally Scheduled Initial Bidding Period" is not applicable.

"Other Originally Scheduled Subsequent Bidding Period" is not applicable.

"Other Subsequent Bidding Period" is not applicable.

"Quotation Amount Increment" means ~~EUR100,000~~[GBP50,000](#).

"RAST Notional Amount Increment" means ~~EUR500,000~~[GBP500,000](#).

"Reference Auction Obligation" is not specified.

"Relevant Credit Derivatives Physical Settlement Matrix" means the Credit Derivatives Physical Settlement Matrix published by ISDA on January 27, 2020.

"Relevant Credit Event" means the Bankruptcy that is the subject of DC Issue ~~2020062601~~[2020073001](#).

"Relevant Currency" means ~~EUR~~[GBP](#).

"Relevant Pricing Increment" means one-eighth of one per cent.

"Relevant Transaction Type(s)" means European Corporate and Standard European Corporate.

"Rounding Amount" means ~~EUR100,000~~[GBP50,000](#).

"Subsequent Bidding Information Publication Time" means 3:00 p.m. Relevant City Time.

## Schedule 2

### 2020 ~~Wirecard AG~~ Matalan Finance Plc Credit Event Fixed Rate Accrual Amendments

The provisions of the relevant documentation that govern the accrual of Fixed Rates and the payment of Fixed Amounts under each specified category of Auction Covered Transaction following an Event Determination Date with respect to the Affected Reference Entity shall be amended as follows:

- (a) **Single name CDS transactions.** The documentation relating to each Auction Covered Transaction that references only the Affected Reference Entity (other than a Single Name Swaption) is amended as follows:

Notwithstanding anything to the contrary in the documentation governing the Auction Covered Transaction:

- (i) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) before the Auction Settlement Date or the date that is five Business Days following the Auction Cancellation Date, as applicable (such date, the "**Accrual Reference Date**"):
- (A) the Fixed Rate on the Auction Covered Transaction shall accrue to but excluding the final Fixed Rate Payer Payment Date (the "**Final Fixed Rate Payer Payment Date**") which occurs (or would have occurred but for the Credit Event) in the period from but excluding the Credit Event Resolution Request Date to but excluding the Accrual Reference Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) for purposes of determining the payment due on each Fixed Rate Payer Payment Date occurring (or which would have occurred but for the Credit Event) in such period; and
- (B) a rebate of such Fixed Rate accrual on the Auction Covered Transaction for the period from but excluding the Credit Event Resolution Request Date to but excluding the Final Fixed Rate Payer Payment Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) will be paid by Seller to Buyer on the Accrual Reference Date; or
- (ii) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) on or after the Accrual Reference Date: (A) the Fixed Rate on the Auction Covered Transaction shall accrue to and including the Credit Event Resolution Request Date; and (B) the resulting Fixed Amount in respect of the Affected Reference Entity shall be paid on the Accrual Reference Date, with no rebate.

- (b) **Untranching transactions.** The documentation relating to each Auction Covered Transaction that is an untranching transaction is amended as follows:

Notwithstanding anything to the contrary in the documentation governing the Auction Covered Transaction:

- (i) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) before the Auction Settlement Date or the date that is five Business Days following the Auction Cancellation Date, as applicable (such date, the "**Accrual Reference Date**"):

**Form of Participating Bidder Letter**

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**[Letterhead of Participating Bidder]**

**[Date]**

**Markit Group Limited**

**Send to: cea@ihsmarkit.com**

**Creditex Brokerage LLP or Creditex Securities Corporation, as applicable, in its capacity as the Relevant Creditex Entity**

**Send to: CEA@creditex.com**

**DC Administration Services, Inc.**

**Send to: dcsecretary@cdsdeterminationscommittees.org**

To whom it may concern,

We write to inform you that we wish to be a "Participating Bidder" with respect to each auction to be held for the purpose of settling credit derivatives transactions referencing ~~Wirecard AG~~ [Matalan Finance Plc](#) (each, an "Auction"). Capitalized terms used in this Participating Bidder Letter but not defined herein shall have the meanings specified in the 2020 ~~Wirecard AG~~ [Matalan Finance Plc](#) Credit Derivatives Auction Settlement Terms governing each such Auction as published by the DC Secretary on behalf of ISDA on ~~July 27~~ [●], 2020 (the "Credit Derivatives Auction Settlement Terms").

We hereby notify you that it is our intention that, pursuant to the Credit Derivatives Auction Settlement Terms, any Dealer Physical Settlement Request we submit with respect to an Auction will, at the time of submission, be, to the best of our knowledge and belief, on the same side of the market as, and will not exceed, our Market Position.

By signing and returning this Participating Bidder Letter to you, we represent, as of the date of this Participating Bidder Letter, that:

- (a) from time to time we regularly trade, or one of our Affiliates regularly trades, in one or more obligations of the types of obligations listed as Deliverable Obligations in the secondary market and/or we regularly trade, or one of our Affiliates regularly trades, credit default swaps with ~~Wirecard AG~~ [Matalan Finance Plc](#) as the Reference Entity;
- (b) either:
  - (i) we have, or one of our Affiliates has, participated as a Participating Bidder in no fewer than either five or, if fewer, all Non-LCDS Auctions that have been held during the twelve calendar months immediately preceding the date of this letter and for which one or more of the Relevant Transaction Types specified in the Credit Derivatives Auction Settlement Terms was also a Relevant Transaction Type for purposes of each such Non-LCDS Auction, provided that for purposes of this representation, the auction exemptions available to Global Dealer Voting Members and Regional Dealer Voting Members in Section 1.10(e) and Section 1.10(f) of the Rules shall have been available to us to the same extent as they would be available to: (1) a Participating Dealer Institution for purposes of the application of the

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**Form of Customer Physical Settlement Request Letter**

[Letterhead of Customer]

[Date]

**Send to: [Participating Bidder]**

To whom it may concern,

We write to inform you that we wish to submit a Customer Physical Settlement Request as defined in the 2020 ~~Wirecard AG~~ Matalan Finance Plc Credit Derivatives Auction Settlement Terms, as published by the DC Secretary on behalf of ISDA on ~~July 27~~ [●], 2020 (the "**Credit Derivatives Auction Settlement Terms**"). Capitalized terms used in this letter but not defined herein have the meanings specified in the Credit Derivatives Auction Settlement Terms.

By signing and returning this Customer Physical Settlement Request Letter to you, we represent and agree that:

- (a) a Governing Master Agreement has been entered into or otherwise put in place between you, or one of your Affiliates, and us;
- (b) the Customer Physical Settlement Request set out below is, to the best of our knowledge and belief,
  - [(i) on the same side of the market as and not in excess of our Dealer-Specific Market Position, and
  - (ii)<sup>4</sup> on the same side of the market as and (when aggregated with all Customer Physical Settlement Requests submitted by us or our Affiliates to one or more Participating Bidders) not in excess of our Market Position; and
- (c) either:
  - (i) we are not, as of the date of this Customer Physical Settlement Request Letter, subject to any requirement that would make it impossible or illegal for us to Deliver or accept Delivery of any of the Deliverable Obligations; or
  - (ii) if we are, as of the date of this Customer Physical Settlement Request Letter, subject to any requirement that would make it impossible or illegal for us to Deliver or accept Delivery of any of the Deliverable Obligations, we will procure a designee to whom you consent and for whom it is not impossible or illegal to Deliver or accept Delivery of the relevant Deliverable Obligations, provided that by your acceptance of our Customer Physical Settlement Request, you will be deemed to agree that you will not unreasonably withhold your consent to such designation and provided further that such consent will be deemed given in the case where the relevant designee is a Participating Bidder for whom it is not impossible or illegal to Deliver or accept Delivery of the relevant Deliverable Obligations.

The Customer Physical Settlement Request is a Physical Settlement [Buy][Sell] Request of [*Relevant Currency and amount*].<sup>5</sup>

<sup>4</sup> Delete as applicable.

<sup>5</sup> When submitting a Physical Settlement Request, parties should take into account any guidance published in connection with the Final List relating to the calculation of the outstanding principal balance of Deliverable Obligation(s).

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**Form of Notice of Physical Settlement**

Attention: [client contact]

By Fax: [facsimile]

By Phone: [telephone]

[Recipient of Notice of Physical Settlement]

To whom it may concern

**NOTICE OF PHYSICAL SETTLEMENT**

Credit Derivative Transaction Details:<sup>7</sup> Representative Auction-Settled Transaction, formed pursuant to the 2020 ~~Wirecard AG~~ Matalan Finance Plc Credit Derivatives Auction Settlement Terms, published by the DC Secretary on behalf of ISDA on ~~July 27~~ [●], 2020 (the "**Credit Derivatives Auction Settlement Terms**") entered into between [SELLER], as Seller (i.e., the party identified by the Auction Administrators as having an obligation to accept Delivery of Deliverable Obligations), and [BUYER] as Buyer (i.e., the party identified by the Auction Administrators as having the obligation to Deliver Deliverable Obligations), and for which the Floating Rate Payer Calculation Amount is [*Relevant Currency and amount*]<sup>8</sup>.

Reference is made to the Credit Derivative Transaction described above (the "**Transaction**").

- (1) Pursuant to the Credit Derivatives Auction Settlement Terms, the Credit Event Resolution Request Date for the Transaction is the date specified as such in Schedule 1 to the Credit Derivatives Auction Settlement Terms.
- (2) Any capitalized term not otherwise defined in this Notice of Physical Settlement will have the meaning, if any, assigned to such term in the Credit Derivatives Auction Settlement Terms or, if no meaning is specified therein, in the 2014 Definitions.
- (3) We hereby confirm that we will settle the Transaction and require performance by you in accordance with the terms relating to Physical Settlement in the 2014 Definitions. Subject to the terms of the Transaction, we will deliver to you on or before the Physical Settlement Date the following Deliverable Obligation(s) against payment of the Floating Rate Payer Calculation Amount multiplied by the Auction Final Price of [●] percent<sup>9</sup>:

<sup>7</sup> These Transactions Details will need to be adjusted appropriately where this form is used with respect to a transaction between a customer and a Participating Bidder.

<sup>8</sup> The Quotation Amount of the Transaction identified by Auction Administrators or, in the case of a Representative Auction-Settled Transaction between a Participating Bidder and a customer, the amount specified by such Participating Bidder.

<sup>9</sup> Adjustment of this provision will be required where Buyer is delivering Deliverable Obligations with an Outstanding Principal Balance equal to less than the relevant Floating Rate Payer Calculation Amount.