

**NOTIFICATION OF RIGHT TO SEGREGATION  
OF INITIAL MARGIN POSTED IN RESPECT OF UNCLEARED SWAPS  
PURSUANT TO CFTC RULE 23.701 AND OF THE FUNDS OR OTHER PROPERTY  
DESCRIBED IN SECTION 3E(F)(1)(B) OF THE SECURITIES EXCHANGE ACT IN RESPECT  
OF UNCLEARED SECURITY-BASED SWAPS**

Dear Sir or Madam:

This notification (the “**Initial Margin Right of Segregation Notice**”) is being provided by us<sup>1</sup> pursuant to Commodity Futures Trading Commission (“**CFTC**”) rule 23.701 and separately for Section 3E(f)(1) of the Securities Exchange Act of 1934 (the “**Exchange Act**”) as required by the Securities and Exchange Commission (“**SEC**”) in respect of [ . ] (the “**Counterparty**” as defined in Exhibit A and Exhibit B).

CFTC IM Notice

In accordance with CFTC rule 23.701, we are hereby notifying you that, to the extent Counterparty posts “Initial Margin” (as defined in CFTC rule 23.700) (“**IM**”) in respect of any Uncleared Swap between us and Counterparty that is executed on or subsequent to the Compliance Date, Counterparty has the right to elect that IM be segregated (“**IM Segregation**”) in accordance with the requirements set forth in CFTC rules 23.702 and 23.703 (the “**CFTC Segregation Regime**”). In the attached Schedule we have identified one or more institutions as an acceptable custodian for IM Segregation and provided information regarding the price of IM Segregation based on information available to us.

**We need to obtain the following information as soon as possible in order to satisfy our obligations under CFTC rules:**

- I. Confirmation of your receipt of this Initial Margin Right of Segregation Notice as it relates to IM in respect of Uncleared Swaps ; and**
- II. Counterparty’s election to either:**
  - **require** IM Segregation in accordance with the CFTC Segregation Regime.  
*Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the CFTC Segregation Regime, must be put in place. After the Compliance Date, choosing this election may prevent us from entering into new Uncleared Swaps with Counterparty until such documentation is in place;<sup>2</sup> or*

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<sup>1</sup> References in this notice or accompanying Exhibits to “our”, “us”, “we”, “Swap Dealer” or “Security-based Swap Dealer” are references to Banco Santander, S.A.

<sup>2</sup> Please note that any existing custodial arrangements, whether legally required or bargained for independently, may not contain certain terms required to be included under the CFTC Segregation Regime and therefore may need to be revised if IM Segregation in accordance with the CFTC Segregation Regime is elected. Parties wishing to elect IM Segregation in accordance with CFTC Segregation Regime may wish to consult with legal counsel as to the potential impact on trading in Uncleared Swaps with us and whether an election to not require IM Segregation in accordance with CFTC Segregation Regime is preferable until such time as a mutually acceptable tri-party custodial arrangement is executed. As further described in this notice, Counterparty may exercise its right to change its election at any time.

- ***not require*** IM Segregation in accordance with the CFTC Segregation Regime. *Note: If Counterparty chooses this second election Counterparty is free to make or retain other arrangements for IM Segregation. This election will not impact Counterparty's existing segregation arrangements or negotiations, if any.*

Please complete the CFTC IM Segregation Election Letter attached to this Initial Margin Segregation Right Notice as Exhibit A and deliver it to us as soon as possible.

For the avoidance of doubt, Counterparty's election to require or not to require IM Segregation in accordance with the CFTC Segregation Regime will apply solely with respect to any Uncleared Swap that is entered into after delivery of such election letter to us at the address specified in Exhibit A or, if such delivery is before the Compliance Date, on or after the Compliance Date. The election made by Counterparty may be changed at any time by delivery of written notice to us at the same address. Any such changed election will supersede any prior election with respect to any Uncleared Swap that is entered into after delivery of such changed election.

**Please note that failure to respond within twenty (20) calendar days following the receipt of this Initial Margin Right of Segregation Notice, will be deemed by us as confirmation of both (i) receipt of this Initial Margin Right of Segregation Notice and (ii) the election by the Counterparty that it does NOT require segregation of IM for the purposes of the CFTC rule 23.701.**

If you have any questions regarding this notice, please contact Collateral Management at [cmanage.madrid@gruposantander.com](mailto:cmanage.madrid@gruposantander.com) and [CollateralP@gruposantander.com](mailto:CollateralP@gruposantander.com).

**BANCO SANTANDER, S.A.**

In accordance with SEC Rule 240.18a-4(d) as required pursuant to section 3E(f)(1)(A) of the Exchange Act, we are hereby notifying you that, to the extent Counterparty posts funds or other property described in Section 3E(f)(1)(B) of the Exchange Act (excluding payments described in Section 3E(f)(2)(B)) (“**SBS Initial Margin**”) in respect of any Uncleared Security-based Swap between us and Counterparty that is executed on or subsequent to the Compliance Date, Counterparty has the right to elect that SBS Initial Margin be segregated (“**SBS IM Segregation**”) in accordance with the requirements set forth with Section 3E of the Exchange Act (“**SBS Segregation Regime**”).

**We need to obtain the following information as soon as possible in order to satisfy our obligations under SEC rules:**

- I. Confirmation of your receipt of this Initial Margin Right of Segregation Notice as it relates to SBS Initial Margin of Uncleared Security-based Swaps; and**
- II. Counterparty’s election to either:**

- **require** SBS IM Segregation in accordance with the SEC Segregation Regime.  
*Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the SBS Segregation Regime, must be put in place. After the Compliance Date, choosing this election may prevent us from entering into new Uncleared Security-based Swaps with Counterparty until such documentation is in place;<sup>3</sup> or*
- **not require** SBS IM Segregation in accordance with the SBS Segregation Regime.  
*Note: If Counterparty chooses this second election Counterparty is free to make or retain other arrangements for SBS IM Segregation. This election will not impact Counterparty’s existing segregation arrangements or negotiations, if any.*

Please complete the SBS IM Segregation Election Letter attached to this Initial Margin Right of Segregation Notice as Exhibit B and deliver it to us as soon as possible.

For the avoidance of doubt, Counterparty’s election to require or not to require SBS IM Segregation in accordance with the SBS Segregation Regime will apply solely with respect to any Uncleared Security-based Swap that is entered into after delivery of such election letter to us at the address specified in Exhibit B or, if such delivery is before the Compliance Date, on or after the Compliance Date. The election made by Counterparty may be changed at any time by delivery of written notice to us at the same address. Any such changed election will supersede any prior election with respect to any Uncleared Security-based Swap that is entered into after delivery of such changed election.

**Please note that failure to respond within twenty (20) calendar days following the receipt of this Initial Margin Right of Segregation Notice, will be deemed by us as confirmation of both (i) receipt of this Initial Margin Right of Segregation Notice and (ii) the election by the Counterparty that it does NOT require segregation of SBS Initial Margin for the purposes of Section 3E(f)(1) of the Exchange Act.**

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<sup>3</sup> Please note that any existing custodial arrangements, whether legally required or bargained for independently, may not contain certain terms required to be included under the SBS Segregation Regime and therefore may need to be revised if SBS IM Segregation in accordance with the SBS Segregation Regime is elected. Parties wishing to elect SBS IM Segregation in accordance with SBS Segregation Regime may wish to consult with legal counsel as to the potential impact on trading in Uncleared Security-based Swaps with us and whether an election to not require SBS IM Segregation in accordance with SBS Segregation Regime is preferable until such time as a mutually acceptable tri-party custodial arrangement is executed. As further described in this notice, Counterparty may exercise its right to change its election at any time.

If you have any questions regarding this notice, please contact Collateral Management at [cmanage.madrid@gruposantander.com](mailto:cmanage.madrid@gruposantander.com) and [CollateralP@gruposantander.com](mailto:CollateralP@gruposantander.com).

**BANCO SANTANDER, S.A.**

## **Schedule to Initial Margin Right of Segregation Notice as it Relates to CFTC Swaps**

**Acceptable Custodian(s).** The following is a non-exclusive list of custodian(s) that are currently considered acceptable to us for IM Segregation. This list is not intended to be an exhaustive list, and is subject to change over time. <sup>4</sup>

**Euroclear Bank SA/NV.** Any further details will be supplied upon request.

### **Pricing Information:**

Pursuant to CFTC rule 23.701(a)(3), we are providing below information that is available to us as of the date of this letter (if any) regarding the price of segregation for each Acceptable Custodian listed above. This pricing information is being provided for informational purposes only, may be subject to change or negotiation by a particular Acceptable Custodian and does not constitute an offer on the part of any Acceptable Custodian to enter into any contract or agreement. We make no representation as to the accuracy or completeness of the pricing information provided or the availability of such custodian services to Counterparty. In addition, IM Segregation may entail fees or other transaction costs charged by us. Such charges would be determined either at the time of trade or as otherwise agreed and may vary by counterparty and transaction based on a number of factors, including but not limited to our prevailing cost of funding, the nature of the transaction concerned, and the nature and extent of the Counterparty relationship.

### **Custodian pricing:**

Any custodian fees related to this arrangement will be charged directly to you by the custodian as agreed between you and the custodian.

Custodian fees and charges may vary based on a number of factors, including but not limited to the nature and extent of the your relationship with a custodian, the nature of custodial assets to be held, the nature and extent of custodial and reporting services required, the expected frequency of collateral transfers, etc.

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<sup>4</sup> We have determined in good faith that at least one of the custodians identified in this Schedule is a “creditworthy” non-affiliate custodian in order to satisfy the requirements of CFTC rule 23.701(a)(2). However, we are not making any representations as to the creditworthiness or suitability of any custodian listed in this Schedule.

## Exhibit A

### CFTC IM SEGREGATION ELECTION LETTER

To: Banco Santander, S.A. (“**Swap Dealer**”)  
Email: cmanage.madrid@gruposantander.com  
CollateralP@gruposantander.com  
Address: Ciudad Grupo Santander  
Edificio Dehesa Planta 2  
28660 Boadilla del Monte  
Spain  
Attention: Collateral Management

Capitalized terms used in this letter have the meanings specified in the Initial Margin Right of Segregation Notice referenced below unless otherwise defined.

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#### I. Confirmation of Receipt of Initial Margin Right of Segregation Notice.

Counterparty<sup>5</sup> hereby confirms that its Collateral Contact<sup>6</sup> received Swap Dealer’s CFTC IM Segregation Right Notice.

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#### II. Initial Margin Segregation Election.

Counterparty makes the following election with respect to IM posted on behalf of Counterparty in connection with any Uncleared Swap between Swap Dealer and Counterparty that is executed by the entity executing this election letter after delivery of this election letter to Swap Dealer (or, if such delivery is before the Compliance Date, on or after the Compliance Date): (*check one*)

**Counterparty hereby elects to require IM Segregation in accordance with the CFTC Segregation Regime.** *Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the CFTC Segregation Regime, must be put in place. After the Compliance Date, choosing this election may prevent Swap Dealer from entering into Uncleared Swaps with Counterparty until such documentation is in place.*

**Counterparty hereby elects not to require IM Segregation in accordance with the CFTC Segregation Regime.** *Note: If Counterparty chooses this second election Counterparty is free to*

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<sup>5</sup>“**Counterparty**” means each account, client, fund, investor, and/or other principal on behalf of whom this CFTC IM Segregation Election Letter is executed.

<sup>6</sup>“**Collateral Contact**” means an officer responsible for the management of collateral, or, if no such party is identified by Counterparty, the Chief Risk Officer of Counterparty, or if no such officer, the Chief Executive Officer, or if none, the highest-level decision-maker for Counterparty.

*make or retain other arrangements for IM Segregation. This election will not impact Counterparty's existing segregation arrangements or negotiations, if any.*

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## Exhibit B

### SBS IM SEGREGATION ELECTION LETTER

To: Banco Santander, S.A. (“**Swap Dealer**”)  
Email: cmanage.madrid@gruposantander.com  
CollateralP@gruposantander.com  
Address: Ciudad Grupo Santander  
Edificio Dehesa Planta 2  
28660 Boadilla del Monte  
Spain  
Attention: Collateral Management

Capitalized terms used in this letter have the meanings specified in the Initial Margin Right of Segregation Notice referenced below unless otherwise defined.

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#### III. Confirmation of Receipt of Initial Margin Right of Segregation Notice.

Counterparty<sup>7</sup> hereby confirms that a duly authorized individual of the Counterparty received the Initial Margin Right of Segregation Notice.

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#### IV. SBS Initial Margin Segregation Election.

Counterparty makes the following election with respect to SBS Initial Margin posted on behalf of Counterparty in connection with any Uncleared Security-based Swap between Security-based Swap Dealer and Counterparty that is executed by the entity executing this election letter after delivery of this election letter to Security-based Swap Dealer (or, if such delivery is before the Compliance Date, on or after the Compliance Date): (*check one*)

**Counterparty hereby elects to require SBS IM Segregation in accordance with the SBS Segregation Regime.** *Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the SBS Segregation Regime, must be put in place. After the Compliance Date, choosing this election may prevent Security-based Swap Dealer from entering into Uncleared Security-based Swaps with Counterparty until such documentation is in place.*

**Counterparty hereby elects not to require SBS IM Segregation in accordance with the SBS Segregation Regime.** *Note: If Counterparty chooses this second election Counterparty is free to make or retain other arrangements for SBS IM Segregation. This election will not impact Counterparty’s existing segregation arrangements or negotiations, if any.*

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<sup>7</sup>“**Counterparty**” means each account, client, fund, investor, and/or other principal on behalf of whom this SBS IM Segregation Election Letter is executed.



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By executing and delivering this election letter, the signatory represents that it has all necessary authority to provide the confirmation and election above on behalf of Counterparty.

[*Legal Name of Entity Completing Letter*]<sup>8</sup>

[Counterparty CICI/LEI:]<sup>9</sup>

By: \_\_\_\_\_

Name:

Title:

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<sup>8</sup>The relevant election in this letter will only apply to Uncleared Swaps and Uncleared Security-based Swaps that are executed by the relevant party that executes this letter. For instance, if this letter is being executed by any agent, then the relevant election will only apply to Uncleared Swaps and Uncleared Security-based Swaps that are executed by such agent on behalf of Counterparty.

Moreover, if this letter is being executed by an agent on behalf of one or more Counterparties, the agent should insert before the signature: “as agent for [*insert name of account, client, fund, investor and/or other principal*] OR [the accounts, clients, funds, investors and/or other principals named on the attached sheet]”. If the agent is acting on behalf of more than one Counterparty, it may list the names of such Counterparties on a separate sheet attached to this letter, in which case this letter will be treated as if it were a separate letter with respect to each Counterparty listed on such sheet.

<sup>9</sup> If this letter is being executed by an agent on behalf of more than one Counterparty, the agent should include a CICI/LEI for each such Counterparty.