

liquidity and depth of the commodities, futures and derivatives markets. For example, the European Commission recently published a proposal developed by the European Securities and Markets Authority ("ESMA"), which updates the Markets in Financial Instruments Directive, commonly known as "MiFID II", and the Markets in Financial Instruments Regulation, commonly known as "MiFIR." The scope of the final regulations and the degree to which member states will be allowed discretion in implementing the directive is yet to be seen. If these regulations are adopted, including, for example, regulations requiring position limits, they could substantially reduce liquidity and increase volatility in the commodities futures contracts such as those related to the Reference Commodity, which could adversely affect the prices of such contracts and, in turn, the market value of the Notes and the amounts payable on the Notes at maturity. The European Commission has also adopted the European Market Infrastructure Regulation ("EMIR"), which requires many OTC derivatives to be centrally cleared and, together with technical standards published and to be published by ESMA, will establish margin and capital requirements for non-centrally cleared OTC derivatives. There exists potential for inconsistency between regulations issued by the CFTC and technical standards adopted under EMIR, which could lead to market fragmentation.

You should be aware that the adoption of rules or regulations to implement Dodd-Frank or any similar rules or regulations by other regulatory bodies may cause a Change in Law Disruption Event. For more information on consequences of a Change in Law Disruption Event, please see "*Risk Factors - The determination of the Final Commodity Value for any Reference Commodity may be made early upon the occurrence of a Change in Law Disruption Event, which could adversely affect your return (if any) on the Notes*" and "*Description of the Notes—Change in Law*" in the Product Supplement.

### **The Relevant Exchange has no obligation to consider your interests**

The Relevant Exchange is responsible for calculating the official settlement price for the Reference Commodity. The Relevant Exchange may alter, discontinue or suspend calculation or dissemination of the official settlement price for the Reference Commodity. Any of these actions could adversely affect the value of and the return on the Notes. The Relevant Exchange has no obligation to consider your interests in calculating or revising the official settlement price for the Reference Commodity.

### **Single commodity prices tend to be more volatile than, and may not correlate with, the prices of commodities generally**

The Notes are linked exclusively to WTI Crude and not to a diverse basket of commodities or a broad-based commodity index.

The price of WTI Crude may not correlate to the price of commodities generally and may diverge significantly from the prices of commodities generally. Because the Notes are linked to the price of a single commodity, they carry greater risk and may be more volatile than investments linked to the prices of multiple commodities or a broad-based commodity index.

### **Owning the Notes is not the same as owning WTI Crude or WTI Crude-related futures contracts directly**

Investing in the Notes is not equivalent to investing directly in WTI Crude. As a holder of the Notes, investing in the Notes will not make you a holder of WTI Crude and the return on your Notes will not reflect the return you would realize if you actually purchased WTI Crude, or exchange traded or over-the-counter instruments based on WTI Crude. You will not have any rights that holders of such assets or instruments have.

### **Potential conflicts**

We and our affiliates play a variety of roles in connection with the issuance of the Notes, including acting as Calculation Agent and hedging our obligations under the Notes. In addition, we and our affiliates may engage in trading and other business activities relating to the Reference Commodity. In connection with such activities, the economic interests of the Calculation Agent and other affiliates of ours may be adverse to your interests as an investor in the Notes. Please see the section of the accompanying Product Supplement entitled "*Risk Factors*" for a more detailed discussion of these risks.