



NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION (A) IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA) (THE "UNITED STATES" OR THE "U.S.") OR TO ANY "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OTHER THAN A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OR (B) IN OR INTO ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS LETTER. NOTHING IN THIS LETTER OR THE ELECTRONIC TRANSMISSION THEREOF CONSTITUTES OR CONTEMPLATES AN OFFER OF, AN OFFER TO PURCHASE OR THE SOLICITATION OF AN OFFER TO SELL SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION.

THIS LETTER IS IMPORTANT.

PLEASE READ THIS LETTER CAREFULLY IF YOU ARE A HOLDER OF AMERICAN DEPOSITARY SHARES ISSUED IN RESPECT OF STANDARD CHARTERED PLC'S US\$750,000,000 6.409% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES.

THIS LETTER CONCERNS MATTERS WHICH MAY AFFECT YOUR LEGAL RIGHTS AND ENTITLEMENTS AND YOU MAY THEREFORE WISH TO TAKE APPROPRIATE LEGAL ADVICE ON ITS CONTENTS.

To: Holders of American Depositary Shares issued in respect of the US\$750,000,000 6.409% Non-Cumulative Redeemable Preference Shares issued by Standard Chartered PLC on 8 December 2006

27 March 2024

SUMMARY OF THIS LETTER

- Standard Chartered PLC (the "**Company**") writes regarding its US\$750,000,000 6.409% Non-Cumulative Redeemable Preference Shares issued on 8 December 2006 (the "**Preference Shares**" and each a "**Preference Share**"). The Company is contacting holders of the American Depositary Shares ("**ADSs**") issued in respect of the Preference Shares (the "**ADS Holders**").
- Under the terms of the Preference Shares, since 30 January 2017 the rate of dividends payable on the paid up amount of those Preference Shares with respect to each dividend period has been calculated by reference to the three month U.S. dollar London Inter-Bank Offered Rate ("**LIBOR**" and, more specifically, "**Three Month LIBOR**").
- On 5 March 2021, the Financial Conduct Authority (the "**FCA**") announced that all LIBOR settings would either cease to be provided by any administrator, or would no longer be representative of the underlying market and economic reality, from certain specified dates, such date being immediately following 30 June 2023 in the case of Three Month LIBOR.

- On 8 November 2022, the Company launched a consent solicitation process (by way of a consent solicitation memorandum of the same date) (the “**Consent Solicitation Process**”). The Consent Solicitation Process allowed certain eligible ADS Holders to consider and submit voting instructions to JPMorgan Chase Bank, N.A. (in its capacity as the “**Depository**” in respect of the Preference Shares) on a proposed special resolution to approve the amendment of the applicable terms of the Preference Shares (the “**Special Resolution**”). The Special Resolution provided for a new methodology for calculating the rate of dividends payable on the Preference Shares by reference to the Secured Overnight Financing Rate (“**SOFR**”) for dividend periods commencing on or after 30 January 2023. The adjourned class meeting at which the Special Resolution was voted took place on 4 January 2023. Notwithstanding the fact that 67% of the votes cast were in favour of the Special Resolution, the required threshold of 75% was not met and the Special Resolution was not passed.
- The FCA subsequently announced, on 3 April 2023, that it would require the publication of certain U.S. dollar LIBOR settings (including Three Month LIBOR) on a synthetic basis for a limited period from 30 June 2023 until 30 September 2024 (“**Synthetic LIBOR**” and, more specifically, “**Synthetic Three Month LIBOR**”). Synthetic Three Month LIBOR has two components. The first component is three month term SOFR (being a forward-looking form of SOFR published by CME Group Benchmark Administration) (“**Term SOFR**” and, more specifically, “**Three Month Term SOFR**”). The second component added to this is a credit adjustment spread of 0.26161% per annum (as recommended by the International Swaps and Derivatives Association, “**ISDA**”) (the “**Credit Adjustment Spread**”).
- As the Consent Solicitation Process did not obtain the required level of approval, since the dividend period commencing on 31 July 2023, the Company has been calculating the rate of dividends payable on the Preference Shares by reference to Synthetic Three Month LIBOR. However, the publication of Synthetic Three Month LIBOR is due to cease as from 30 September 2024. Therefore, Synthetic Three Month LIBOR may be used to calculate the rate of dividends payable on the Preference Shares on the dividend payment dates up to and including 30 October 2024, but not for dividend payments falling due thereafter. The Company is, however, committed to ensuring that it and the ADS Holders have clarity and certainty as to the rate of dividends payable on the Preference Shares as from that date.
- **The purpose of this letter is to notify the ADS Holders that the Company intends to commence proceedings under the Civil Procedural Rules (“CPR”) Part 8 to ask the High Court of Justice of England and Wales (the “Court”) for a binding declaration as to the use of an alternative benchmark rate to Three Month LIBOR for the purposes of calculating the rate of dividends payable on the Preference Shares as from the dividend period commencing on 30 October 2024 (the “Part 8 Proceedings”). To assist the Court in its consideration of this matter, the Company intends to present factual and expert evidence to the Court as to the circumstances summarised above and possible alternative benchmark rates. The Company considers that the most suitable alternative rate is Three Month Term SOFR plus the Credit Adjustment Spread (of 0.26161% per annum).**
- **The Company currently anticipates commencing the Part 8 Proceedings on or around 10 April 2024. The Company intends to request that the Part 8 Proceedings be heard on an expedited basis to ensure that it and the ADS Holders have clarity and certainty as to the**

rate of dividends payable on the Preference Shares for dividend periods commencing after the cessation of the publication of Synthetic Three Month LIBOR.

- This letter is for information only. Further information and any updates with respect to the Part 8 Proceedings will be made available to ADS Holders on the Company's website at <https://www.sc.com/en/investors/credit-ratings-fixed-income/capital-securities-in-issue/>.
- However, if any ADS Holders wish to respond to or address any of the points made in this letter, please contact the Company at any of:
 - **Debt Investor Relations**
Email: Investor.Relations@sc.com
Tel: +44 207 885 8888
 - **Debt Capital Markets**
Email: Primary.Debt@sc.com / SCBCapitalMarketsNotice@sc.com
Tel: +44 207 885 8888
 - **Group Media Relations**
Shaun Gamble
Email: shaun.gamble@sc.com
Tel: +44 7766 443 662

FURTHER INFORMATION ABOUT THE PROPOSED PART 8 PROCEEDINGS

1. What are the relevant terms of the Preference Shares for the purposes of the Part 8 Proceedings?

1.1 The Company offered the Preference Shares to the market by way of an Offering Circular dated 6 December 2006 (the “**Offering Circular**”). Unless otherwise defined in this letter, the Company adopts the definitions used in the Offering Circular.

1.2 The Preference Shares were issued to investors in the form of ADSs, evidenced by American Depositary Receipts (“**ADRs**”), pursuant to a deposit agreement dated 8 December 2006 between the Company, the Depositary and the holders of the ADRs from time to time (as amended from time to time) (the “**Deposit Agreement**”).¹ The Preference Shares are currently held by Guaranty Nominees Limited (“**GNL**”) as nominee for the Depositary.

1.3 The terms of the Preference Shares are set out in the Company’s Articles of Association and in the Offering Circular. These provide that, subject to certain limitations, discretions and qualifications, each Preference Share shall entitle the holder thereof to receive out of the distributable profits of the Company, a non-cumulative preferential dividend on the paid up amount of \$100,000 per Preference Share. More specifically, the terms of the Preference Shares provide for dividends to be paid as follows:

(A) in respect of the period up to but excluding 30 January 2017, at a fixed rate of 6.409%, payable semi-annually in arrear on 30 January and 30 July of each year; and

(B) thereafter, unless redeemed, by reference to a rate of 1.51% per annum plus Three Month LIBOR, payable quarterly in arrear on 30 January, 30 April, 30 July and 30 October each year (each a “**Dividend Payment Date**”, and each period starting on a Dividend Payment Date and ending on the day prior to the subsequent Dividend Payment Date being a “**Dividend Period**”).²

1.4 Three Month LIBOR is defined in the Offering Circular as follows:

“Three Month LIBOR”, means the three month London interbank offered rate for deposits in US dollars which appears on page 3750 of Moneyline Telerate as of 11:00 a.m., London time, on the second business day in London prior to the first day of the relevant Dividend Period or, in the case of the first such Dividend Period, if such first day is not a business day, on the second business day in London prior to the business day immediately preceding such first day...”

1.5 The definition provides for the following sequential alternatives to the extent that Three Month LIBOR is unavailable:

¹ A summary of the material provisions of the Deposit Agreement is set out in the Offering Circular. That summary has been prepared by the Company and does not purport to be complete and is subject to and qualified in its entirety by the Deposit Agreement.

² Save to the extent that the Dividend Payment Dates are modified pursuant to the Modified Following Business Day Convention.

- (A) *“provided that, if at such time, no such rate appears or the relevant Moneyline Telerate page is unavailable, it shall mean the rate calculated by the Company as the arithmetic mean of at least two offered quotations obtained by the Company after requesting the principal London offices of each of four major reference banks in the London interbank market, to provide the Company with its offered quotation for deposits for three months in US dollars commencing on the first day of the relevant Dividend Period to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the second business day in London prior to the first day of the relevant Dividend Period and in a principal amount that is representative for a single transaction in US dollars in that market at that time;”*
- (B) *“provided further that if fewer than two such offered quotations are provided as requested, it shall mean the rate calculated by the Company as the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York time, on the second business day in New York prior to the first day of the relevant Dividend Period, by three major banks in New York selected by the Company for loans for three months in US dollars to leading European banks and in a principal amount that is representative for a single transaction in US dollars in that market at that time;” or*
- (C) *“provided however that if the banks selected by the Company, are not quoting as mentioned above, it shall mean three month US dollar LIBOR in effect on the second business day in London prior to the first day of the relevant Dividend Period.”*

- 1.6 On the expiry of the fixed rate period on 30 January 2017, the Company had the option to redeem all or part of the Preference Shares. The Company elected not to exercise that option. The Preference Shares are next redeemable on their terms on 30 January 2027.

2. Why does the Company intend to commence Part 8 Proceedings?

- 2.1 On 5 March 2021, the FCA announced that all LIBOR settings would either cease to be provided by any administrator, or would no longer be representative of the underlying market and economic reality, from certain specified dates, such date being immediately following 30 June 2023 in the case of Three Month LIBOR.
- 2.2 Following consultations with market participants, the FCA subsequently announced, on 3 April 2023, that it would require LIBOR’s administrator, ICE Benchmark Administration, to continue the publication of one, three and six month U.S. dollar LIBOR settings for a limited period from 30 June 2023 until 30 September 2024, using a “synthetic” methodology. Synthetic LIBOR is based on SOFR, namely Three Month Term SOFR plus the Credit Adjustment Spread. The FCA made clear in that announcement that this is a “temporary bridge”, and that the publication of synthetic settings would not continue in the long term.
- 2.3 The FCA has long maintained that the lack of an active underlying market makes LIBOR unsustainable and unsuitable for the widespread reliance that had been placed on it. The FCA and other regulators have continued to urge market participants to take active steps to implement the transition from LIBOR to risk-free rates ahead of the applicable LIBOR cessation dates.

- 2.4 As noted above, the terms of the Preference Shares reference Three Month LIBOR for the purposes of calculating the rate of dividends payable on the paid up amount of those Preference Shares with respect to each relevant Dividend Period. Certain of the fallback provisions contained in these terms, which apply where Three Month LIBOR is unavailable at the requisite time, involve reliance on the willingness of major banks to offer quotations for specified forms of hypothetical transactions, something which is outside the control of the Company and cannot be relied on going forward.
- 2.5 The Company is committed to ensuring it and the ADS Holders have clarity and certainty as to the rate of dividends payable on the Preference Shares for Dividend Periods commencing after the cessation of the publication of Synthetic Three Month LIBOR.

3. What steps has the Company taken prior to proposing the Part 8 Proceedings?

- 3.1 The Company previously launched the Consent Solicitation Process in order to, amongst other things, allow certain eligible ADS Holders to consider and submit voting instructions to the Depositary with respect to the proposed Special Resolution, to approve the amendment of the applicable terms of the Preference Shares to provide for a new methodology for calculating the rate of dividends payable on the Preference Shares.
- 3.2 Specifically, the Special Resolution, if passed, would have amended the terms of the Preference Shares such that for each Dividend Period commencing on or after 30 January 2023, the rate of dividends payable on the Preference Shares would cease to be calculated at the rate per annum equal to 1.51% plus Three Month LIBOR on the paid up amount of the Preference Shares and would instead be calculated at the rate per annum equal to the sum of (A) 1.51%, (B) SOFR Compound, and (C) the Credit Adjustment Spread (of 0.26161% per annum), on the paid up amount of the Preference Shares for each Dividend Period from such date until the date (if any) on which the Preference Shares are redeemed.
- 3.3 “SOFR Compound” is a SOFR-based rate determined by applying a compounding formula to the SOFR rates as read from designated screens on certain dates over an observation period. The proposed Credit Adjustment Spread (of 0.26161% per annum) was that recommended and adopted by ISDA for three month tenors and intended to account for the differences between Three Month LIBOR and SOFR Compound.
- 3.4 The class meeting was originally scheduled to take place at 10am London time on 15 December 2022 but was adjourned as it was not quorate.
- 3.5 The adjourned class meeting convened at 10am London time on 4 January 2023 and was quorate for the purposes of considering the Special Resolution. Notwithstanding the fact that 67% of the votes cast by the ADS Holders were in favour of the Special Resolution, the required threshold of 75% was not met and the Special Resolution was not passed, and the proposed amendments could not be implemented. Further, only around 14% of the ADSs were voted.
- 3.6 As the Consent Solicitation Process did not obtain the required level of approval, since the Dividend Period commencing on 31 July 2023, the Company has been calculating the rate of dividends payable on the Preference Shares by reference to Synthetic Three Month LIBOR (in accordance with the terms of the Preference Shares and as announced by the Company on 19 June 2023). However, the publication of Synthetic Three Month LIBOR is due to cease as from

30 September 2024. Therefore, Synthetic Three Month LIBOR may be used to calculate the rate of dividends payable on the Preference Shares on the Dividend Payment Dates up to and including 30 October 2024, but not for dividend payments falling due thereafter. The Company is, however, committed to ensuring that it and the ADS Holders have clarity and certainty as to the rate of dividends payable on the Preference Shares as from that date. The Company considers that this can be best achieved by commencing the Part 8 Proceedings.

4. What are proceedings under CPR Part 8?

- 4.1 CPR Part 8 contains an “Alternative Procedure” (to CPR Part 7) for the determination of claims which are unlikely to involve a substantial dispute of fact and which can therefore be resolved without lengthy proceedings.
- 4.2 While proceedings under CPR Part 8 can generally be dealt with quickly by the Court, the Company also intends to request that the Part 8 Proceedings be heard on an expedited basis to ensure that it and the ADS Holders have clarity and certainty as to the rate of dividends payable on the Preference Shares for Dividend Periods commencing after the cessation of the publication of Synthetic Three Month LIBOR.

5. Who is the Company issuing the Part 8 Proceedings against?

- 5.1 The Company will issue the Part 8 Proceedings against GNL. GNL is a necessary defendant because it is the sole registered holder of the Preference Shares (which it holds as nominee for the Depositary).
- 5.2 However, neither the Depositary nor GNL (in those capacities) holds any economic interest in the Preference Shares. Their role is essentially to hold the Preference Shares for the benefit of, and to pass on payments and documents to, ADS Holders. Further, under the terms of the Deposit Agreement, neither the Depositary nor GNL is under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of the Preference Shares or the ADSs.
- 5.3 The Company has informed the Depositary of the Part 8 Proceedings. Although GNL will be named as the defendant in the Part 8 Proceedings, in light of the above, the Company does not expect that either the Depositary or GNL will take an active role in the Part 8 Proceedings. GNL will be named as the defendant as a procedural matter only.

6. How can ADS Holders participate in the Part 8 Proceedings?

- 6.1 The ADS Holders are not members of the Company. As stated above, GNL is the sole registered holder of the Preference Shares and therefore it is a necessary defendant in the Part 8 Proceedings.
- 6.2 The ADS Holders will not be named by the Company as defendants in the Part 8 Proceedings. However, recognising their economic interest in the Preference Shares, the Company has provided the ADS Holders with the information set out in this letter. The ADS Holders should obtain their own legal advice as to the ways in which they can participate in the Part 8 Proceedings should they wish to do so.

- 6.3 If the ADS Holders intend to participate in the Part 8 Proceedings, the Company invites them to notify the Company as soon as possible using the contact details at the end of this letter.

7. What is the Company requesting of the Court in the Part 8 Proceedings?

- 7.1 The Company intends to request a binding declaration from the Court as to the use of an alternative benchmark rate to Three Month LIBOR for the purposes of calculating the rate of dividends payable on the Preference Shares as from the Dividend Period commencing on 30 October 2024 (with the first dividend using the alternative benchmark rate being payable on 30 January 2025).

- 7.2 Specifically, the Company intends to ask the Court to address the following questions:

- (A) Should the phrase “*three month US dollar LIBOR in effect*” in the terms of the Preference Shares be construed to mean a rate that effectively replicates or replaces Three Month LIBOR?
- (B) If not, should a term be implied in the terms of the Preference Shares that allows the Company to use a reasonable alternative benchmark rate once Synthetic Three Month LIBOR ceases to be published?
- (C) In either case, which alternative benchmark rate should be used for the Dividend Periods commencing on and after 30 October 2024?

- 7.3 To assist the Court in its consideration of the matter, the Company intends to present factual and expert evidence to the Court as to the circumstances of the Preference Shares and possible alternative benchmark rates. The Company considers that the most suitable alternative is Three Month Term SOFR plus the Credit Adjustment Spread (of 0.26161% per annum). The Company therefore intends to invite the Court to approve the use of this rate to calculate the rate of dividends payable on the Preference Shares.

- 7.4 Notwithstanding the above, the Company recognises that it is for the Court to determine, based on the evidence before it, the most suitable benchmark rate and appropriate credit adjustment spread (if one of questions (A) and (B) above is answered positively). The Company remains committed to assisting the Court in this regard.

8. Why has Three Month Term SOFR been identified as a suitable alternative benchmark rate?

- 8.1 Term SOFR is a forward-looking rate that has been widely accepted as the alternative benchmark rate for U.S. dollar LIBOR in both the U.S. and the U.K. The FCA has indicated that it considers Synthetic LIBOR (comprising CME Term SOFR plus the relevant ISDA-recommended Credit Adjustment Spread) to be a fair and reasonable approximation of U.S. dollar LIBOR’s likely economic outcome.³ The Company has been using Synthetic Three Month LIBOR to calculate the dividend rates payable on the Preference Shares since the Dividend

³ Paragraph 3.66 of the FCA’s Consultation Paper CP22/21: “Consultation on ‘synthetic’ US dollar LIBOR and feedback to CP22/11” dated November 2022.

Period commencing on 31 July 2023, and considers that it would be appropriate to continue to use the same methodology.

- 8.2 The Company is committed to identifying an alternative benchmark rate that fairly reflects the terms of the Preference Shares.

9. What will happen if the Court selects an alternative benchmark rate to Three Month LIBOR (whether Three Month Term SOFR or otherwise)?

- 9.1 In these circumstances, the method for calculating the rate of dividends payable on the Preference Shares will be that prescribed by the Court.

- 9.2 If the Court agrees with the Company's position, the Company anticipates that for each Dividend Period commencing on or after 30 October 2024, the rate of dividends payable on the Preference Shares would be calculated at the rate per annum equal to the sum of (A) 1.51%, (B) Three Month Term SOFR, and (C) the Credit Adjustment Spread (of 0.26161% per annum), on the paid up amount of the Preference Shares for each Dividend Period from such date until the date (if any) on which the Preference Shares are redeemed.

10. What happens if no alternative benchmark rate is selected by the Court?

If no suitable alternative benchmark rate is identified by the Court, there will continue to be uncertainty as to the rate of dividends payable for Dividend Periods commencing on or after 30 October 2024 (and the dividends payable as from 30 January 2025). In these circumstances, the Company would assess the situation and communicate its intentions to the ADS Holders as soon as possible.

11. What happens next?

The provisional next steps in the process are as follows:

- (A) On or around 10 April 2024, the Company anticipates filing and serving its claim form in respect of the Part 8 Proceedings, together with the accompanying factual and expert evidence and an application for expedition.
- (B) 14 days after service of the claim form (i.e. on or around 26 April 2024), GNL as defendant will be required to file and serve its acknowledgment of service, with any supporting evidence to follow within 28 days (i.e. on or around 24 May 2024) (in each case, subject to any extension agreed by the parties or approved by the Court).
- (C) 14 days after service of GNL's supporting evidence (i.e. on or around 7 June 2024), the Company will be entitled to file and serve any evidence in reply (subject to any extensions agreed by the parties or approved by the Court).
- (D) Once the Part 8 Proceedings have been issued, the Court may choose to schedule a case management conference to give directions as to next steps in the Part 8 Proceedings. However, the Company does not currently anticipate that a case management conference will be required.

- (E) The final hearing will be held on a date to be decided by the Court. The Court is likely to reserve its judgment until a later date. If the Court accepts the Company's request for expedition, then the Company anticipates that the Court may hand down judgment before 30 October 2024.

12. What do I need to do now?

- 12.1 This letter is for information only. The Company does not intend to send any further correspondence to the ADS Holders prior to issuing the Part 8 Proceedings, but further information (including certain documents referred to in this letter) and updates with respect to the Part 8 Proceedings will be made available to ADS Holders on the Company's website at <https://www.sc.com/en/investors/credit-ratings-fixed-income/capital-securities-in-issue/>.
- 12.2 However, if ADS Holders wish to respond to or address any of the points made in this letter, please contact the Company at any of:

Debt Investor Relations

Email: Investor.Relations@sc.com

Tel: +44 207 885 8888

Debt Capital Markets

Email: Primary.Debt@sc.com / SCBCapitalMarketsNotice@sc.com

Tel: +44 207 885 8888

Group Media Relations

Shaun Gamble

Email: shaun.gamble@sc.com

Tel: +44 7766 443 662

Yours faithfully

Standard Chartered PLC