

**Second Supplement dated 21 June 2016**  
**to the Base Prospectus for the issue of unsubordinated Notes dated 9 June 2016**



**BNP Paribas Arbitrage Issuance B.V.**

*(incorporated in The Netherlands)*

*(as Issuer)*

**BNP Paribas**

*(incorporated in France)*

*(as Guarantor)*

**BNP Paribas Fortis Funding**

*(incorporated in Luxembourg)*

*(as Issuer)*

**BNP Paribas Fortis SA/NV**

*(incorporated in Belgium)*

*(as Guarantor)*

**Note, Warrant and Certificate Programme**

This second supplement (the "**Second Supplement**") is supplemental to, and should be read in conjunction with, the base prospectus dated 9 June 2016 (the "**Base Prospectus**") and the first supplement to the Base Prospectus dated 14 June 2016 (the "**First Supplement**"), in respect of Notes issued under the Note, Warrant and Certificate Programme (the "**Programme**") of BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**"), BNP Paribas ("**BNPP**"), BNP Paribas Fortis Funding ("**BP2F**") and BNP Paribas Fortis SA/NV ("**BNPPF**").

The Base Prospectus and the First Supplement together constitute a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. The "**Prospectus Directive**" means Directive 2003/71/EC of 4 November 2003 (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area. The *Autorité des Marchés Financiers* (the "**AMF**") granted visa no. 16-236 on 9 June 2016 in respect of the Base Prospectus and visa no. 16-249 on 14 June 2016 in respect of the First Supplement. Application has been made to the AMF for approval of this Second Supplement in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive in France.

BNPP (in respect of itself and BNPP B.V.), BNPP B.V. (in respect of itself), BP2F (in respect of itself) and BNPPF (in respect of itself and BP2F) accept responsibility for the information contained in this Second Supplement.

To the best of the knowledge of BNPP, BNPP B.V., BP2F and BNPPF (who have taken all reasonable care to ensure that such is the case), the information contained herein is, subject as provided in the preceding sentence, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus, as amended by the First Supplement, shall have the same meanings when used in this Second Supplement.

To the extent that there is any inconsistency between (i) any statement in this Second Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus, as amended by the First Supplement, the statement referred to in (i) above will prevail.

References in this Second Supplement to paragraphs of the Base Prospectus are to the Base Prospectus as amended by the First Supplement. References in this Second Supplement to page numbers in the Base Prospectus are to the page numbers in the Base Prospectus without taking into account any amendments made in the First Supplement.

Copies of this Second Supplement may be obtained free of charge at the specified offices of BNP Paribas Securities Services, Luxembourg Branch and BNP Paribas Arbitrage S.N.C. and will be available on the website of BNP Paribas (<https://rates-globalmarkets.bnpparibas.com/gm/Public/LegalDocs.aspx>), on the website of BNPPF (<https://www.bnpparibasfortis.be>), on the website of BP2F (<https://www.bp2f.lu>) and on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

This Second Supplement has been prepared in accordance with Article 16.1 of the Prospectus Directive and pursuant to Article 212-25 of the AMF's *Règlement Général*, for the purposes of giving information which amends or is additional to the information already contained in the Base Prospectus.

This Second Supplement has been prepared for the purposes of:

- (A) amending the cover pages;
- (B) amending the "Programme Summary in relation to this Base Prospectus" and the "Pro Forma Issue Specific Summary of the Programme in relation to this Base Prospectus";
- (C) amending the "Pro Forma Issue Specific Summary of the Programme in relation to this Base Prospectus (in French)";
- (D) amending the "Taxation" section;
- (E) amending the "Offering and Sale" section; and
- (F) amending the "Common Conditions to Consent".

The amendments referred to in (A), (B), (C), (D), (E) and (F) above have been made to introduce disclosure in respect of Italy, Luxembourg and Spain.

In accordance with Article 16.2 of the Prospectus Directive, in the case of an offer of Securities to the public, investors who, before this Second Supplement is published, have already agreed to purchase or subscribe for Securities issued under the Programme which are affected by the amendments made in this Second Supplement, have the right, exercisable before the end of the period of two working days beginning with the working day after the date of publication of this Second Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 24 June 2016.

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## AMENDMENTS TO THE COVER PAGES

*In relation to the amendments to the cover pages set out in this section, text which, by virtue of this Second Supplement, is added to the cover pages is shown underlined.*

The penultimate paragraph on page 3 of the Base Prospectus is amended as follows:

The Issuers have requested the AMF to provide the competent authorities in Belgium, Italy, Luxembourg, and Portugal and Spain with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

**AMENDMENTS TO THE PROGRAMME SUMMARY IN RELATION TO THIS BASE  
PROSPECTUS AND THE PRO FORMA ISSUE SPECIFIC SUMMARY OF THE PROGRAMME  
IN RELATION TO THIS BASE PROSPECTUS**

1. The "Programme Summary in relation to this Base Prospectus" on pages 7 to 64 of the Base Prospectus is amended as follows:

(a) Element C.5 is deleted in its entire and replaced with the following:

<b>C.5</b>	Restrictions on free transferability	The Securities will be freely transferable, subject to the offering and selling restrictions in the United States, the European Economic Area, Belgium, France, Italy, Luxembourg, Portugal, Spain, Japan and Australia and under the Prospectus Directive and the laws of any jurisdiction in which the relevant Securities are offered or sold.
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(b) In Element E.3, the first sentence is deleted and replaced with the following:

"Under this Base Prospectus, the Securities may be offered to the public in a Non-Exempt Offer in Belgium, France, Italy, Luxembourg, Portugal and Spain."

2. The "Pro Forma Issue Specific Summary of the Programme" on pages 132 to 194 of the Base Prospectus is amended as follows:

(a) Element C.5 is deleted in its entire and replaced with the following:

<b>C.5</b>	Restrictions on free transferability	The Securities will be freely transferable, subject to the offering and selling restrictions in the United States, the European Economic Area, Belgium, France, Italy, Luxembourg, Portugal, Spain, Japan and Australia and under the Prospectus Directive and the laws of any jurisdiction in which the relevant Securities are offered or sold.
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**AMENDMENTS TO THE PROGRAMME SUMMARY IN RELATION TO THE BASE PROSPECTUS (IN FRENCH) AND THE PRO FORMA ISSUE SPECIFIC SUMMARY OF THE PROGRAMME IN RELATION TO THE BASE PROSPECTUS (IN FRENCH)**

1. Le "Résumé du Programme en relation avec le Prospectus de Base" figurant aux pages 65 à 131 du Prospectus de Base est modifié comme suit:

(a) L'Elément C.5 est supprimé et entièrement remplacé par ce qui suit :

<b>C.5</b>	Restrictions à la libre négociabilité	Les Titres seront librement négociables, sous réserve des restrictions d'offre et de vente en vigueur aux États-Unis, dans l'Espace Economique Européen, en Belgique, en France, en Italie, au Luxembourg, au Portugal, en Espagne, au Japon et en Australie, et conformément à la Directive Prospectus et aux lois de toute juridiction dans laquelle les Titres concernés sont offerts ou vendus.
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(b) Dans l'Elément E.3, la première phrase est supprimée et remplacée comme suit :

"Les titres émis en vertu de ce Prospectus de Base peuvent être offerts au public dans le cadre d'une Offre Non-exemptée en Belgique, en France, en Italie, au Luxembourg, au Portugal et en Espagne."

2. Le "Modèle de Résumé du Programme Spécifique à l'Emission" figurant aux pages 195 à 267 du Prospectus de Base est modifié comme suit :

(a) L'Elément C.5 est supprimé et entièrement remplacé par ce qui suit:

<b>C.5</b>	Restrictions à la libre négociabilité	Les Titres seront librement négociables, sous réserve des restrictions d'offre et de vente en vigueur aux États-Unis, dans l'Espace Economique Européen, en Belgique, en France, en Italie, au Luxembourg, au Portugal, en Espagne, au Japon et en Australie, et conformément à la Directive Prospectus et aux lois de toute juridiction dans laquelle les Titres concernés sont offerts ou vendus.
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## AMENDMENTS TO THE TAXATION SECTION

*In relation to the amendments in the paragraph under the heading "Taxation" on page 1100 of the Base Prospectus set out in this section, text which, by the virtue of this Second Supplement, is added to the paragraph under the heading "Taxation" on page 1100 of the Base Prospectus is shown underlined.*

1. The paragraph on page 1100 in the "Taxation" section on pages 1100 to 1105 of the Base Prospectus, as amended by the First Supplement, is amended as follows:

The statements herein regarding taxation are based on the laws in force in the European Union, Belgium, France, Italy, Luxembourg, Portugal, Spain and the United States, as applicable, as of the date of this Base Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Securities. Each prospective holder or beneficial owner of Securities should consult its tax adviser as to each of the Belgian, the French, the Italian, the Luxembourg, the Portuguese, the Spanish and the U.S. federal income tax consequences as applicable, of any investment in or ownership and disposition of the Securities.

2. The "Taxation" section on pages 1100 to 1105 of the Base Prospectus is also amended by the insertion of the following new sub-section, immediately after the sub-section starting on page 1101 entitled "French Taxation":

### "LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the Securities. In particular, this information does not describe the tax consequences for a holder of Securities that are redeemable in exchange for, or convertible into, shares. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

#### **Withholding Tax**

(i) Non-resident holders of Securities

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

(ii) Resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of

principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meanings of the laws of 21 June 2005 implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent.. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Relibi Law would be subject to a withholding tax at a rate of 10 per cent."

3. The "Taxation" section on pages 1100 to 1105 of the Base Prospectus is also amended by the insertion of the following new sub-section, immediately before the sub-section starting on page 1103 entitled "Portuguese Taxation":

#### **"ITALIAN TAXATION**

The following is a summary of current Italian law and practice relating to the taxation of the Notes, as defined in the Programme. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Notes.

#### **A. Tax treatment of the Notes**

Legislative Decree No. 239 of 1 April 1996, as amended (the "**Decree 239**"), regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") from notes issued, *inter alia*, by non-Italian resident entities, falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

For this purpose, bonds and securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow any direct or indirect participation to the management of the issuer.

##### *a. Resident Noteholders*

Where an Italian resident Noteholder who is the beneficial owner of the Notes is (i) an individual not engaged in a business activity to which the Notes are effectively connected, (ii) a non-commercial



partnership (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). In the event that Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

In case the Notes are held by a Noteholder engaged in a business activity and are effectively connected with same business activity, the Interest will be subject to the *imposta sostitutiva* and will be included in the relevant income tax return. As a consequence, the Interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**") stock exchange agents and other entities identified by the relevant Decrees of the Ministry of Finance (the "**Intermediaries**").

An Intermediary must (i) be (a) resident in Italy, (b) a permanent establishment in Italy of a non Italian resident financial intermediary and (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying Interest to a Noteholder. If the Interest is not collected through an Intermediary or any entity paying Interest and as such no *imposta sostitutiva* is levied, the Italian resident Noteholder listed above will be required to include Interest in their yearly income tax return and subject them to a final substitutive tax at the rate of 26 per cent.

The *imposta sostitutiva* does not apply, *inter alia*, to the following subjects, to the extent that the Notes and the relevant Coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

- (i) Corporate Noteholders – Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (I) the relevant Noteholder's yearly taxable income for corporate income tax purposes ("**IRES**"), generally applying at a rate equal to 27.5 per cent. (pursuant to Article 1, paragraph 61, of Law No. 208 of 28 December 2015, the 27.5 per cent. IRES rate will be reduced to 24 per cent. as of 1 January 2017 except for certain categories of taxpayers, including banks and certain financial intermediaries, which would continue to be subject to a cumulative IRES tax charge of 27.5 per cent.); and (II) in certain circumstances, depending on the "status" of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities ("**IRAP**") generally levied at a rate of approximately 5 per cent., which can increase or decrease according to certain circumstances;
- (ii) Investment funds - If the Noteholder is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed share capital) or a SICAV (an investment company with variable capital) established in Italy (together the "**Fund**") and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, interest,

premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**");

- (iii) Pension funds – Pension funds (subject to the tax regime set forth by article 17 of the Legislative Decree No. 252 of 5 December 2005, the "**Pension Funds**") are subject to a 20 per cent. substitutive tax on their annual net accrued result. Interest on the Notes is included in the calculation of said annual net accrued result; and
- (iv) Real estate investment funds – Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, (the "**Real Estate Investment Funds**") and Article 14-bis of Law No. 86 of 25 January 1994 and Italian real estate SICAFs (the "**Real Estate SICAFs**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the same Real Estate Investment Funds or the Real Estate SICAFs.

*b. Non-Resident Noteholders*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if such Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

**B. Securities qualifying as Atypical Securities**

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) for Italian tax purposes (all together referred as "**Atypical Securities**") are subject to a withholding tax, levied at the rate of 26 per cent.. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

Interest payments on Atypical Securities made to Italian resident Noteholders which are (i) companies or similar commercial entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), and (ii) commercial partnerships, are not subject to the aforementioned withholding tax, but form part of their aggregate income subject to IRES. In certain cases, such Interest may also be included in the taxable net value of production for IRAP purpose.

Interest payments relating to Atypical Securities received by non-Italian resident beneficial owners (not having a permanent establishment in Italy to which the Notes are effectively connected) are generally not subject to tax in Italy provided that, if the Notes are held in Italy, the Non-Resident Noteholder declares itself to be non-Italian resident according to the Italian tax regulations.

The withholding is levied by the Italian intermediary intervening in the collection of the relevant income or in the negotiation or repurchasing of the Notes.

### **C. Payments made by a non-resident Guarantor**

With respect to payments made to Italian resident Holders of Securities by a non-Italian resident Guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non-resident Guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

### **D. Capital Gains**

#### *Resident Noteholders*

Pursuant to Legislative Decree No. 461 of 21 November 1997, as amended (the "**Decree 461**"), a 26 per cent. capital gains tax (the "**CGT**") is applicable to capital gains realised on the sale or transfer of the Notes for consideration or on redemption thereof by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

The aforementioned regime does not apply to the following subjects:

- (v) Corporate investors (including banks and insurance companies): capital gains on the Notes held by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains may also be included in the taxable net value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years for IRES purposes.
- (vi) Funds – Capital gains realised by the Funds on the Notes contribute to determining the annual net accrued result of the same Funds. The Funds will not be subject to taxation on such results but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (see under paragraph A.1.1.a. "Italian resident Noteholders", above).
- (vii) Pension Funds – Capital gains realised by Pension Funds on the Notes contribute to determining the annual net accrued result of the same Pension Funds, which is subject to a 20 per cent. substitutive tax (see under paragraph A.1.1.a "Italian resident Noteholders", above). Interest on the Notes is included in the calculation of said annual net accrued result.
- (viii) Real Estate Investment Funds – Capital gains realised by Italian Real Estate Investment Funds and Real Estate SICAFs on the Notes are generally not taxable at the level of the same Real Estate Investment Funds or Real Estate SICAFS (see under paragraph A1.1.a "Italian resident Noteholders", above).

### *Non-Resident Noteholders*

Capital gains realised by non-resident Noteholders (not having permanent establishment in Italy to which the Notes are effectively connected) on the Notes are not subject to tax in Italy, provided that the Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

#### **E. Transfer Tax**

Contracts relating to the transfer of Notes are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of EUR 200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

#### **F. Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, EUR 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, EUR 100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied to the rate mentioned above in (a), (b) and (c) on the value exceeding EUR1,500,000.

#### **G. Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (the "**Decree 201**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the securities deposited in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed EUR 14,000 for taxpayers other than individuals; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the securities held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

#### **H. Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the securities outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent.

This tax is calculated on the market value of the securities at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

#### **I. Italian Financial Transaction Tax ("IFTT")**

Italian shares and other participating instruments, as well as depository receipts representing those shares and participating instruments irrespective of the relevant issuer, (cumulatively referred to as "**In-Scope Shares**"), received by an investor upon physical settlement of the Notes may be subject to a 0.2 per cent. IFTT calculated on the value of the Notes as determined according to Article 4 of Ministerial Decree of 21 February 2013, as amended (the "**IFTT Decree**").

Investors on derivative transactions or transferable securities and certain equity-linked notes mainly having as underlying or mainly linked to In-Scope Shares are subject to IFTT at a rate ranging between EUR 0.01875 and EUR 200 per counterparty, depending on the notional value of the relevant derivative transaction or transferable securities calculated pursuant to Article 9 of the IFTT Decree. IFTT applies upon subscription, negotiation or modification of the derivative transactions, transferable securities or the equity-linked notes, as described above. The tax rate may be reduced to a fifth if the transaction is executed on certain qualifying regulated markets or multilateral trading facilities."

4. The "Taxation" section on pages 1100 to 1105 of the Base Prospectus is also amended by the insertion of the following new sub-section, immediately after the sub-section starting on page 1103 entitled "Portuguese Taxation":

#### **"SPANISH TAXATION**

The statements herein regarding the tax legislation in Spain are based on the laws in force in Spain as of the date of this Base Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Securities. Each prospective holder or beneficial owner of Securities should consult its tax adviser as to the Spanish tax consequences of the ownership and disposition of the Securities.

##### **1. Spanish resident individuals**

###### **Personal Income Tax**

Personal Income Tax ("**PIT**") is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever its source and wherever the relevant payer is established. Therefore any income that a Spanish holder of the Notes may receive under the Notes will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties).

These amounts will be included in the savings part of the taxable income subject to PIT at the following tax rates: (i) 19 per cent. for taxable income up to €6,000; (ii) 21 per cent. for taxable income from €6,001 to €50,000; and (iii) 23 per cent. for any amount in excess of €50,000.

Spanish holders of the Notes shall compute the gross interest obtained in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

Income arising on the disposal, redemption or reimbursement of the Notes will be calculated as the difference between (a) their disposal, redemption or reimbursement value and (b) their acquisition or subscription value. Costs and expenses effectively borne on the acquisition and transfer of the Notes may be taken into account for calculating the relevant taxable income, provided that they can be duly justified.

Likewise, expenses related to the management and deposit of the Notes, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Notes cannot be offset if the investor acquires homogeneous securities within the two-month period prior or subsequent to the transfer of the Notes, until he/she transfers such homogeneous securities.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

### **Spanish Inheritance and Gift Tax**

Spanish Inheritance and Gift Tax is levied on transfers of Notes upon death or by gift to Spanish tax resident individuals, with the taxpayer being the transferee. General tax rates currently range from 7.65 to 81.60 per cent. although the tax situation may vary depending on any applicable regional tax laws.

### **Spanish Wealth Tax**

Spanish tax resident individuals are subject to an annual Wealth Tax on the tax year 2016 on their total net wealth, regardless of the location of their assets or of where their rights may be exercised, to the extent that their net wealth exceeds €700,000 (note that a different minimum tax exempt amount may be approved by the corresponding regional authorities). Therefore, Spanish holders of the Notes should compute the value of the Notes as at 31 December 2016 when calculating their Wealth Tax liabilities. The applicable tax rates range between 0.2 per cent. and 2.5 per cent. although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

## **2. Legal Entities with Tax Residence in Spain**

### **Corporate Income Tax**

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by entities which are tax resident in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for Spanish Corporate Income Tax ("CIT") taxpayers is currently 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

### **3. Individuals and Legal Entities with no Tax Residence in Spain**

A non-resident holder of Notes who has a permanent establishment in Spain to which such Notes are attributable is subject to Spanish Non-Residents' Income Tax on any income obtained under the Notes including both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Spanish tax resident CIT taxpayers.

### **4. Spanish withholding tax**

BNP Paribas has been advised that, under Spanish tax law currently in effect, the Issuer should not be obliged to deduct withholdings on account of Spanish income taxes since it is not a Spanish tax resident entity and does not have a permanent establishment in Spain to which the issue of the Notes is connected.

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Notes or intervenes as manager on the collection of any income under the Notes, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Notes. To this effect income deriving from the Notes will include not only interest payments but also income arising from the disposal, redemption or reimbursement of the Notes, if any.

The current withholding tax in Spain is 19 per cent.

Amounts withheld in Spain, if any, can be credited against the final Spanish PIT liability, in the case of Spanish resident individuals, or against final Spanish CIT liability, in the case of Spanish CIT taxpayers, or against final Spanish Non-Residents' Income Tax liability, in the case of Spanish permanent establishments of non-resident investors. However, holders of the Notes who are CIT taxpayers or Non-Residents' Income Taxpayers acting through a permanent establishment in Spain can benefit from a withholding tax exemption when the Notes are (a) listed in an OECD official stock exchange; or (b) represented in book-entry form and admitted to trading on a Spanish secondary stock exchange or on the Alternative Fixed Income Securities Market (*Mercado Alternativo de Renta Fija*).

Additionally, when the Notes (i) are represented in book-entry form; (ii) are admitted to trading on a Spanish secondary stock exchange; and (iii) generate explicit yield, holders who are PIT taxpayers can benefit from a withholding tax exemption in respect of the income arising from the transfer or repayment of the Notes. However, under certain circumstances, when a transfer of the Notes has occurred within the 30-day period immediately preceding any relevant interest payment date, such PIT taxpayers may not be eligible for such withholding tax exemption.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the regulations of the Spanish tax legislation when intervening in the transfer or reimbursement of the Notes.

### **5. Indirect taxation**

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty as well as Value Added Tax."

## AMENDMENTS TO THE OFFERING AND SALE SECTION

*In relation to the amendments to the first paragraph under the sub-section "European Economic Area" in the "Offering and Sale" section set out in this section, text which, by virtue of this Second Supplement, is added to the first paragraph under the sub-section "European Economic Area" in the "Offering and Sale" section is shown underlined.*

The "Offering and Sale" section on pages 1112 to 1121 of the Base Prospectus, as amended by the First Supplement, is amended as follows:

- (a) The first paragraph under the sub-section "European Economic Area" on pages 1113 is amended as follows:

**Please note that in relation to EEA States, additional selling restrictions may apply in respect of any specific EEA State, including those set out below in relation to Belgium, France, Italy, Luxembourg, ~~and Portugal and Spain.~~**

- (b) The "Offering and Sale" section on pages 1112 to 1121 of the Base Prospectus is also amended by the insertion of the following new sub-section, immediately after the sub-section starting on page 1119 entitled "The People's Republic of China":

### **"Republic of Italy**

Unless specified in the relevant Final Terms that a non-exempt offer may be made in Italy, the offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of the Base Prospectus (including the applicable Final Terms) or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter *b*) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Securities or distribution of copies of the Base Prospectus (including the applicable Final Terms) or any other document relating to the Securities in the Republic of Italy under (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, Securities which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are



regularly ("*sistematicamente*") distributed on the secondary market in Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the Securities for any damages suffered by such non-qualified investors."

- (c) The "Offering and Sale" section on pages 1112 to 1121 of the Base Prospectus is also amended by the insertion of the following new sub-section, immediately after the sub-section on page 1120 entitled "Singapore":

**"Spain**

In addition to the selling restrictions under the Prospectus Directive in relation to EEA States, as stated above, when the offer is not strictly addressed to qualified investors (as described in the Prospectus Directive) in the Kingdom of Spain, any offer sale or delivery of the Securities, must be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Kingdom of Spain in accordance with the Royal Legislative Decree 4/2015, of 23 October, approving the revised text of the Spanish Securities Market."

## COMMON CONDITIONS TO CONSENT

*In relation to the amendments to the sub-section "Common Conditions to Consent" on page 1136 of the Base Prospectus set out in this section, text which, by virtue of this Second Supplement, is added to the sub-section "Common Conditions to Consent" on page 1136 of the Base Prospectus is shown underlined.*

The last paragraph under the sub-section "Common Conditions to Consent" on page 1136 of the Base Prospectus, as amended by the Second Supplement, is amended as follows:

The only relevant Member States which may, in respect of any Tranche of Securities, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be Belgium, France, Italy, Luxembourg, and Portugal and Spain, and accordingly each Tranche of Securities may only be offered to Investors as part of a Non-exempt Offer in Belgium, France, Italy, Luxembourg, and Portugal and Spain, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for BNPP B.V., BNPP or BP2F to publish or supplement a prospectus for such offer.

## RESPONSIBILITY STATEMENT

I hereby certify on behalf of BNPP, BNPP B.V., BP2F and BNPPF having taken all reasonable care to ensure that such is the case that, to the best of my knowledge, the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

The consolidated financial statements as of and for the year ended 31 December 2014 of BNPP were audited by statutory auditors who issued an audit report which is incorporated by reference in the Base Prospectus. This report contains an emphasis of matter paragraph (*paragraphe d'observations*) which can be found on page 241 of the BNPP 2014 Registration Document referring to note 3.g to the consolidated financial statements which outlines the costs related to the comprehensive settlement with US authorities.

The consolidated financial statements as of and for the year ended 31 December 2015 of BNPP were audited by statutory auditors who issued an audit report which is incorporated by reference in the Base Prospectus. This report contains an emphasis of matter paragraph which can be found on page 231 of the BNPP 2015 Registration Document.

The consolidated financial statements as of and for the year ended 31 December 2014 of BNPPF were audited by statutory auditors who issued an audit report which is incorporated by reference in this Base Prospectus. This report contains an emphasis of matter paragraph which can be found on page 309 of the BNPPF 2014 Annual Report.

The consolidated financial statements as of and for the year ended 31 December 2015 of BNPPF were audited by statutory auditors who issued an audit report which is incorporated by reference in this Base Prospectus. This report contains an emphasis of matter paragraph which can be found on page 281 of the BNPPF 2015 Annual Report.

BNP Paribas  
16 boulevard des Italiens  
75009 Paris  
France

Represented by Michel Konczaty  
in his capacity as Deputy Chief Operating Officer

Dated 21 June 2016



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* ("AMF"), in particular Articles 211-1 to 216-1, the AMF has granted to this Second Supplement the visa n° 16-[●] on 21 June 2016. This Second Supplement has been prepared by BNPP, BNPP B.V., BP2F and BNPPF and BNPP's signatories assume responsibility for it on behalf of BNPP, BNPP B.V., BP2F and BNPPF. This Second Supplement and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the *visa* has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This *visa* has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.