

The Merchant Securities Emerging Markets Note

This investment has been designed to provide investors with exposure to emerging markets, while offering a degree of protection, with the following features.

- Investors should enjoy an enhanced return from any growth in the iShares MSCI Emerging Markets Fund, which tracks the MSCI Emerging Markets Index, with protection, to a large extent, against a prolonged downturn.
- The Note is based on the iShares MSCI Emerging Markets Fund, which tracks broadly in line with the MSCI Emerging Markets index and offers diversification across the emerging economies and industry sectors.
- The strike date is 1st July 2009.
- The Note is eligible for ISA, SIPP and SSAS.

The features of the Merchant Securities Emerging Markets Note:-

- Leveraged participation of 1.5 times the growth of the index up to the cap, so an investment of £1,000 will return a maximum of £1,750 (£1,000 capital plus £750 capital growth), which is a return of 75% for a growth of 50% in the index.
- 90% capital protection, so the minimum return is £900 for every £1,000 invested.
- Barclays Capital Securities Limited will, subject to market conditions, endeavour to provide a secondary market in the Note to enable investors to buy or sell the Note prior to maturity.
- If the value of the investment reaches the maximum potential return of £1,750 (illustrated in the table on page 4) before maturity, investors may choose to sell the Note back to the issuer, subject to the issuer providing the secondary market.

Please liaise with your usual Merchant Securities contact to subscribe at the initial launch offering of 100 pence per unit, which is targeted for the June 2009. Any subsequent purchases after the launch date will be subject to market fluctuations.

Note: Past performance is not a reliable indicator of future results.

Terms	
Objective	Capital Growth
Underlying	EMUS - iShares MSCI Emerging Markets Index Fund
ISIN	XS0431237345
Offer Price	100p
Nominal Value	100p
Denomination	£ sterling
Minimum investment	£1,000
Secondary market size	£1,000
Initial valuation date	1st July 2009
Note issue date	15 th July 2009
Maturity date	15 th July 2015
Term	6 years
Index initial valuation	\$32.82
Index yield	Nil coupon
Issuer	Barclays Bank PLC
Guarantor	Barclays Bank PLC with an S&P credit rating of AA-

Merchant Securities Group Limited
www.merchantsecurities.co.uk

Tel: +44 (0)20 7375 9010
Email: info@merchantsecurities.co.uk

Member of the London Stock Exchange

Authorised and Regulated by the
Financial Services Authority

Investment objective

- The objective is to generate enhanced capital growth on the money invested in line with any growth in the MSCI Emerging Markets index, with 90 per cent protection of capital in the event that the index falls in value during the term of the Note or at maturity. In the interim period you should be able to buy or sell the Note in the secondary market.
- This Note is based on the iShare MSCI Emerging Markets Fund, which broadly follows the index MSCI Emerging Markets Index, which has a geographical spread as identified in Table 1 below.

Table 1: Allocation by country

Country	Allocation %
China	15.39
Brazil	13.19
Korea (South)	12.74
Taiwan	11.11
South Africa	9.47
India	6.74
Russian Federation	5.42
Mexico	5.42
Israel	3.74
Chile	2.66
Hong Kong	2.49
Czech Republic	2.04
Thailand	1.69
Indonesia	1.49
Philippines	1.39
Hungary	1.25
Turkey	1.13
Peru	0.58
Egypt	0.57
Malaysia	0.41
Colombia	0.37
United States	0.31
Argentina	0.10

Source: iShares 31st December 2008

The ishares MSCI Emerging Markets fund holdings within the various countries are further diversified by industry sector.

Our view

Many of the emerging market economies have been leaders in world growth over recent years and although the current recession is worldwide, many commentators and economists are predicting that these emerging economies will continue to be growth leaders.

Traditionally, investors have allocated their funds to world markets based on market capitalisation in those countries, assuming the emerging markets to be small economies. However, as most of these continue to grow at a faster rate than those of the so called developed world, some of these emerging markets are now the scale of the major western economies, as highlighted by the table below.

Local stock markets tend to follow underlying economic growth in the local economy. We believe therefore, that the Note offers investors protected exposure to the world's major emerging markets and these markets have the potential to experience significant growth during the term of the Note.

Table 2 below identifies the International Monetary Fund's estimates of expected world Gross Domestic Product (GDP) growth and identifies the potential for out performance of the major emerging economies over that of the developed economies.

Table 2: Estimated GDP growth

Country	2009 Est. billions \$	2014 Est. billions \$	Total % growth from 09 to 14 Est.	Annualised compound growth Est.	2014 % of world GDP Est.
World	54.8	70.6	28.68%	5.17%	
EU	15.3	17.9	16.61%	3.12%	25.34%
USA	14.0	16.9	20.89%	3.87%	23.98%
Japan	4.9	5.3	7.24%	1.41%	7.58%
China	4.8	8.5	75.88%	11.95%	12.04%
Germany	3.0	3.3	7.6%	1.48%	4.66%
France	2.5	3.0	18.10%	3.38%	4.18%
UK	2.0	2.5	24.94%	4.55%	3.55%
Brazil	1.3	1.7	31.39%	5.61%	2.36%
Russia	1.2	2.2	91.79%	13.91%	3.16%
India	1.2	1.7	46.74%	7.97%	2.46%
<i>BRIC</i>	<i>8.5</i>	<i>14.1</i>	<i>67.30%</i>	<i>10.84%</i>	<i>20.03%</i>

Source: - International Monetary Fund April 2009

If the larger emerging economies are expected to be the future power houses behind growth in world GDP, it may also be the case that investment vehicles with exposure to these economies could also outperform. However, it should be borne in mind that these economies and their stockmarkets are likely to be more volatile while they go through inevitable growing pains. There is no guarantee that growth in GDP will occur or that it will occur at the rates illustrated in the table above.

We believe that investing in these emerging economies through a structure that offers considerable protection of capital and enhanced growth potential from any upside in these underlying economies is an efficient way to gain investment exposure to the countries covered by the MSCI emerging markets index.

The Structure

The Merchant Securities Emerging Markets Note is a Medium Term Note (MTN) issued by Barclays Bank Plc, which will be held by the investor, and based on warrants and preference shares issued by Barclays Capital (Cayman) Limited. The net effect to the investor is that the initial investment is protected up to 90% with leveraged upside potential of 150%. This is calculated by multiplying the cap of 50% by the leverage of 150% (1.5) giving a total potential growth of 75%.

The closing level of the index is taken as the average closing price of the twenty eighth day of each month over the thirteen calendar months prior to expiration of the product. This method provides further benefit to the investor as it reduces the impact (and risk) of a market dip close to the maturity date.

If the underlying index decreases in value over the final thirteen months of the product life, this averaging will give the investor a higher final index level than would be achieved by using the expiration date as the reference point. This also has the effect of limiting growth if the market is rising during the final thirteen months.

Table 3: Total return on equity

Total redemption at maturity from £1,000 invested			
Final index level as a % of initial index level	Capital return at maturity	Growth return/(loss) at maturity	Total return at maturity
40%	£900	-	£900
60%	£900	-	£900
80%	£900	-	£900
95%	£1,000	-£50	£950
100%	£1,000	-	£1,000
105%	£1,000	£75	£1,075
120%	£1,000	£300	£1,300
140%	£1,000	£600	£1,600
150%	£1,000	£750	£1,750
180%	£1,000	£750	£1,750

Source: Merchant Securities

Table 3 illustrates that at maturity, the zero-coupon bond will have appreciated in value to 100% of the nominal capital. The warrant will then have a value of 150% of the upside performance of the index, capped at 50% above the initial index level. If, for example, the index has appreciated 20%, the growth return is 30%. This, together with the 100% capital, will then give a final redemption value of 130% (100% + 30%).

Should the index have appreciated over 50% of the initial index level the total return remains at about 175% of the original investment (upside capped at 50% with participation at 1.5 times and 100% of capital returned).

In the case where the final index level falls below that of the entry level, the investor is still protected, at maturity, to a minimum of 90% of the sum invested. If the final index value is between 90% and 100% of the initial index value, the investor's capital is reduced pro-rata to the fall in the index.

This means that if the final index value was at 95% of its initial valuation point, the investor would receive £950 for each £1,000 invested.

Trading the Merchant Securities Emerging Markets Note

Barclays Capital Securities Limited (BCSL) will endeavour to provide a secondary market in the Note so that the investment can be traded (bought or sold) at any point prior to maturity, although in particular market conditions it may not be possible for BCSL to make a market or if so it may widen the bid / offer spread.

If you wish to trade this Note you should speak to your usual Merchant Securities contact.

At Maturity

If the investor does not sell the Note in the secondary market before maturity the proceeds of the MTN will be used to purchase a warrant at maturity which will then be settled for the cash equivalent at a fixed value in accordance with the calculations and illustrated in the table on page 4. The purpose of this process is to create a chargeable event which we believe is subject to capital gains tax, as will be the case if you sell the Note in the secondary market before maturity.

You should consult your tax and accounting advisers to the extent you deem necessary.

Risk Factors

A number of risks are present and are detailed below, including issuer risk and the ability of the issuer to repay the nominal value at maturity.

General risks

The value of any securities or financial instruments mentioned in this financial promotion can fall as well as rise and therefore, upon withdrawal, you may receive back less than the full amount invested.

Transactions, including those involving options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

Foreign-currency denominated commodity contracts and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Changes in rates of exchange may have an adverse effect on the value or price of investments in sterling terms. All investments may fluctuate in value.

Past performance is no guarantee of the future performance of investments. You should carefully consider in the light of your financial resources whether investing in stocks, shares, securities or collective investment schemes is suitable for you.

The Note holder and prospective purchasers of the Note should consider the risks described in this financial promotion and conduct their own

investigations. In deciding whether or not to purchase the Note, prospective purchasers should form their own views of the risks involved and the merits of an investment related to the underlying indices, based upon such investigations and not in reliance on any information given in the term sheet.

Insolvency Risk

When Merchant Securities Group Limited ("Merchant Securities") receives your investment, it will be deposited into an investor account at Pershing Securities Limited pending investment. In the event of Merchant Securities' insolvency during the period that your investment monies are held with Pershing Securities Limited, your money will be protected.

There exists a counterparty risk with the issuer who in this case is Barclays Bank PLC, which has an Aa3 Moody's/AA- S&P credit rating, as they are securing the Note against their balance sheet. In the event of Barclay's insolvency your money will not be protected and you must rely on any right of recourse you have to the Financial Services Compensation Scheme. You may therefore lose all or part of your initial capital investment.

Exit risk

The return of capital described above will exist on the basis that the investment is held until redemption. There may be risks associated with trading on the secondary market. The secondary market price of the securities will depend on many factors, including market liquidity, the value and volatility of the underlying indices, level of the underlying indices at any time on any day and time left until the maturity of the securities, interest rates, the dividend rate on the stocks that compose the underlying indices, and the creditworthiness of the issuer. Therefore the Note holder may receive an amount which may be less than the then intrinsic market value of the securities and which may also be less than the amount the holder would have received had the holder held the securities through to maturity. This is because the full extent of the options are not realised until maturity, thus structured products are seen as more of a buy-and-hold investment strategy.

No interest

Unlike ordinary debt securities, the securities do not pay debt interest. On maturity, the return of only the principal amount will not compensate the holder of the securities for the effects of inflation and other factors relating to the value of money over time. The income is derived from an option strategy and not any form of debt or interest rate.

Hedging risk

On, or prior to and after, the trade date the issuer, through its affiliates or others, will likely hedge its anticipated exposure under the securities by taking positions in the stocks that comprise the underlying indices, in option contracts on the stocks that compose the underlying indices or positions in any other available securities or instruments. In addition, the issuer and its affiliates trade the stocks that compose the underlying indices as part of their general businesses. Any of these activities could potentially affect the value of the underlying indices, including on the determination date, and accordingly could significantly affect the payout to holders on the securities.

Liquidity risk

The Notes will not be traded on an organised exchange. Although the issuer will make a secondary market in the Notes on a best efforts basis, the liquidity of the Notes may be limited. The liquidity of the Notes reflects the liquidity of the securities that underlie the underlying equity.

Adjustment and disruption risk

The sponsor of the MSCI Emerging Markets index can add, delete or substitute stocks constituting the respective index or make other methodological changes that could change the value of the respective index without regard to the interests of holders of the securities. Any of these decisions/determinations may adversely affect the value of the securities and may result in you receiving a return that is materially different from that received if the event had not occurred.

Underlying sponsor risk

The sponsor of each underlying index is not an affiliate of the issuer or its affiliates and is not involved with this offering in any way. Consequently, the issuer has no ability to control the actions of the sponsor of each underlying index, including rebalancing that could trigger an adjustment to the terms of the Note.

Note details**Secondary market**

Barclays Capital Securities Limited will endeavour to provide a secondary market in the Note with a bid-offer spread of 2%, so that the investment can be traded (bought or sold) at any point prior to maturity. Although in particular market conditions it may not be possible for the issuer to make a market or if so they may widen the bid/ offer spread.

Taxation

It is our opinion that the return of this product will be liable to capital gains tax. You should consult your tax and accounting advisers to the extent you deem necessary.

This Note can be used as an investment within a SIPP/SSAS or ISA.

Fees and expenses

Merchant Securities' dealing and management fees are not included and will be applied according to our standard charges for equity investments or at a rate as agreed with your Merchant Securities account manager. Merchant Securities will charge the issuer a fee for the design and set-up of the Structured Note, which will be the equivalent of no more than 1% per annum of the issue amount, which has been taken into account in the terms of the product. Details of fees and charges are included in our standard Terms of Business available at www.merchantsecurities.co.uk/products-and-services.asp.

Publication of price

To obtain the latest price of the Merchant Securities Emerging Markets Note please speak to your usual contact at Merchant Securities.

Issue documentation

An electronic version of the Barclays Bank Plc's based prospectus, Structured Investment Management Plan Linked to Equity (SIMPLE) Notes, is available on request. This base prospectus is subject to change from time to time without notification.

Information

For further information on this Note please speak to your usual contact at Merchant Securities on 0207 375 9010

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