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LaunchPAD Programme

Supplementary Prospectus dated 24 August 2012

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**FOURTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE  
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES**



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**THE ROYAL BANK OF SCOTLAND PLC**

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980,  
registered number SC090312)*  
(the “**Issuer**” and “**RBS**”)

**The Royal Bank of Scotland plc**

**LaunchPAD Programme**

(the “**Programme**”)

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- 1 This supplement dated 24 August 2012 (this “**Supplement**”) constitutes the fourth supplement to the Base Prospectus dated 25 May 2012 in relation to the Issuer’s LaunchPAD Programme for the issuance of Open End Certificates, approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 25 May 2012 (the “**Base Prospectus**”).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meanings when used in this Supplement.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 The purpose of this Supplement is to amend the Base Prospectus to (i) allow for the issuance of Open End Certificates linked to a proprietary index and (ii) amend the Product Conditions and form of Final Terms for Index Open End Certificates to provide for a Market Disruption Event related to determination of a rate:
  - 6.1 The Section of the Base Prospectus entitled “Risk Factors” is amended to add the risk factor sub-section “Risks related to Proprietary Indices” set out in **Annex A**.
  - 6.2 The Base Prospectus is amended to add a section entitled “Proprietary Index Description” set out in **Annex B**.
  - 6.3 The Product Conditions relating to Index Open End Certificates are amended to (i) add definitions of “Rate”, “Reference Banks” and “Screen Page” and (ii) amend Product Condition 4 as related to adjustments for Market Disruptions and to termination of a Proprietary Index; the Product Conditions, as amended, are set out in black-line form in **Annex C**.
  - 6.4 The form of Final Terms for Index Open End Certificates are amended to (i) amend the definition of “Cash Amount” to allow for the provision of Cash Amount on the Pricing Date, (ii) add definitions of “Rate” and “Reference Banks”; the form of Final Terms, as amended, are set out in black-line form in **Annex D**.
- 7 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> or <http://markets.rbs.com/launchpad> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail [investor.relations@rbs.com](mailto:investor.relations@rbs.com).
- 8 If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus by virtue of this Supplement.
- 9 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 10 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

**The Royal Bank of Scotland plc**

## ANNEX A

### *Risks relating to Proprietary Indices*

#### *Proprietary and rules-based trading index or strategy*

Each index or strategy set out in Proprietary Index Descriptions (each a “**Proprietary Index**”) follows a notional rules-based proprietary trading strategy that operates on the basis of pre-determined rules. Accordingly, potential investors in Securities which are linked to the performance of a Proprietary Index should determine whether the relevant rules are appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the strategy of a Proprietary Index employed by the sponsor of such Proprietary Index (the “**Index Sponsor**”) will be successful, generate positive returns, outperform any benchmark or other indices or that the return (if any) on a Proprietary Index will be as projected or estimated.

#### *An investment in Securities linked to any Proprietary Index may not be a suitable investment for all investors*

Securities linked to a Proprietary Index are complex financial instruments and such Securities may be purchased as a way for investors to acquire particular market exposures or seek enhanced yield with an appropriate addition of risk to their overall portfolio. Prospective investors should not invest in complex financial instruments unless they have the expertise to evaluate how such an instrument may perform under changing conditions, the resulting effects on the value of such instrument and the impact this investment will have on their overall investment portfolio.

#### *No recourse to assets*

Each Proprietary Index is purely synthetic. The exposure to the components of a Proprietary Index is purely notional and will exist only in the records held by the relevant Index Sponsor. There are no assets or components to which any person is entitled or in which any person has any ownership interest or which serve as collateral for any investment product related to a Proprietary Index.

#### *Termination, cancellation and suspension of a Proprietary Index*

The Index Sponsor and the calculation agent of a Proprietary Index are under no obligation to continue the calculation, publication and dissemination of the Proprietary Index. A Proprietary Index may be terminated, cancelled or suspended at any time by the relevant Index Sponsor. This may cause the Issuer to amend or terminate Securities linked to the Proprietary Index. The termination of a Proprietary Index or the amendment or termination of Securities may have a negative impact on the return on any investment in any Securities related to the Proprietary Index.

#### *Simulated operating history*

Each Proprietary Index was first calculated on or about the date on which the relevant Proprietary

Index documentation was completed and therefore lacks actual historical performance. The relevant Index Sponsor may have retrospectively calculated the closing levels of a Proprietary Index from a defined base date to but excluding the first live date. Such levels are simulated and must be considered hypothetical and illustrative only. Simulated data may be based on certain assumptions (which may not be true in the future) and constructed using procedures that vary from those used to calculate the Proprietary Index following its establishment. The simulated operating history may materially differ from the actual performance of a Proprietary Index. Past performance should not be considered indicative of future performance.

#### *Amendment or modification to Proprietary Index rules*

The rules governing a Proprietary Index may be amended, modified or adjusted from time to time by the calculation agent and/or the relevant Index Sponsor, as applicable. Any such amendment may be made without the consent of or notice to investors in instruments linked to a Proprietary Index and may have an adverse effect on the level of such Proprietary Index.

Notwithstanding the foregoing paragraph, in the event that the relevant Index Sponsor makes a material change in the formula for or the method of calculating the relevant Proprietary Index or in any other way materially modifies that Proprietary Index (other than a modification prescribed in that formula or method to maintain that Proprietary Index in the event of changes in an underlying asset and other routine events), the Issuer shall give notice as soon as practicable to investors in accordance with General Condition 4 giving details of the action proposed to be taken.

#### *Sponsor/Calculation Agent discretion*

A Proprietary Index confers on the relevant calculation agent and/or Index Sponsor, as applicable, discretion in making certain determinations, calculations and corrections from time to time. The exercise of such discretion in the making of calculations, determinations and corrections may adversely affect the performance of the relevant Proprietary Index.

#### *Dynamic Participation*

A Proprietary Index may be calculated using dynamic participation which means that the synthetic exposure to the components of such Proprietary Index can increase and/or decrease, and, in certain circumstances, create synthetic exposure to the components of such Proprietary Index in excess of 100 per cent. The use of dynamic participation may therefore leverage returns of a Proprietary Index. Leverage has the potential to magnify the gains or losses of the Proprietary Index which may (in the case of losses) have a negative impact on the value of the Securities.

#### *Market risk*

A Proprietary Index will be exposed to one or more of the following markets: equity, credit, commodity, foreign exchange, interest rate and fixed income markets. Investments in Securities linked to a Proprietary Index relating to these markets will be exposed to the market performance of

the components of the Proprietary Index. This may be negatively affected by global economic, financial, political and natural developments, and such developments, among other things, may have a material effect on the performance of a Proprietary Index.

A Proprietary Index may be exposed to foreign exchange rates, which are volatile and subject to market conditions. The value of foreign exchange rates and futures are affected by rates of exchange between currencies or appreciation or depreciation of any currency and any existing or future governmental or other restrictions on the availability of exchanges between the relevant currencies.

A Proprietary Index may be exposed to emerging markets. Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. These risks and special considerations may negatively impact the value of components of the Proprietary Index, which in turn, may negatively impact the Proprietary Index. The principal risks and special considerations are as follows: (i) the risk of nationalisation or expropriation of components of the Proprietary Index or confiscatory taxation; (ii) social, economic and political uncertainty; (iii) dependence on exports and the corresponding importance of international trade and commodities prices; (iv) less liquidity of securities markets; (v) currency exchange rate fluctuations; (vi) potentially higher rates of inflation (including hyperinflation); (vii) controls on investment and limitations on repatriation of invested capital; (viii) a higher degree of governmental involvement in and control over the economies; (ix) government decisions to discontinue support for economic reform programmes and imposition of centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (xi) less extensive regulatory oversight of securities markets; (xii) longer settlement periods for securities transactions; (xiii) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (xiv) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in emerging market countries.

A Proprietary Index may reference the performance of commodities. The value of commodities is volatile and subject to market conditions. For example, the value of a commodity is subject to the supply of, and/or demand for, such commodity and whether or not any alternatives to that commodity exist. Additionally, commodity prices can be influenced by the prevailing political climate and government stability in commodity producing nations. Current market conditions for a commodity do not guarantee the performance, demand or supply of that commodity in the future. Changes in demand or supply of a commodity and the stability of political affairs will affect the performance of any Proprietary Index linked to the performance of commodities.

A Proprietary Index may reference the performance of futures contracts. Transactions in futures contracts involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The

‘gearing’ or ‘leverage’ often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of an investment.

*Access Costs, Trading Costs, Performance Adjustment and Management Fee*

Prospective investors should be aware that the level of a Proprietary Index may be reduced by an Access Cost, Trading Cost, Performance Adjustment, Performance Fee and/or Management Fee all of which may be payable to the relevant Index Sponsor. For the avoidance of doubt, such costs, adjustments and fees are not passed on to investors in Securities linked to any Proprietary Index as a payment but instead are deducted from the level of any such Proprietary Index. This will, accordingly, have a negative impact on the return (if any) of an investment linked to any such Proprietary Index.

**Definitions:**

For these purposes:

“**Access Cost**” means the actual or notional costs charged and expenses incurred by the relevant Index Sponsor in connection with investing in each of the Constituents. The Access Cost is typically deducted from the daily return of the relevant Proprietary Index on a pro-rata daily basis and reduces the level of such Proprietary Index. The relevant Index Sponsor may change the Access Cost, acting in good faith, to reflect the changes in the costs charged and expenses incurred in gaining exposure to the Constituents.

“**Constituents**” mean the assets to which the relevant Proprietary Index are linked.

“**LIBOR**” means the London Interbank Offered Rate which represents the rate at which banks borrow from other banks in the financial markets in London. There is a LIBOR figure for most major currencies (i.e. EUR, GBP, USD) and the LIBOR figure can differ depending on its maturity. For example, the 1 month USD LIBOR can be 1.2 per cent. whilst the 3 month USD LIBOR can be 1.5 per cent.

“**Management Fee**” means a fee charged by the relevant Index Sponsor to maintain the relevant Proprietary Index (which includes, among other matters, operation, administrative and personnel costs). The Management Fee is deducted from the level of a Proprietary Index on a pro-rata daily basis and therefore reduces the level of such Proprietary Index.

“**Performance Adjustment**” means an amount which is deducted from the relevant Proprietary Index to reflect (i) the costs incurred by the relevant Index Sponsor in gaining exposure to the Constituents and (ii) the costs to investor in funding exposure to the Constituents. The Performance Adjustment reduces the cost to the Issuer of taking a position in, and therefore gaining exposure to, a Constituent and is deducted from such Proprietary Index on a pro-rata daily basis. The Performance Adjustment can be a fixed level or a floating level. The floating level is often benchmarked to a

LIBOR.

“**Performance Fee**” means a daily fee charged by the relevant Index Sponsor. The Performance Fee will be equal to a percentage of the daily performance of the Proprietary Index and will be deducted only if the level of the relevant Proprietary Index on a day on which the fee is deducted is above the highest level of the Proprietary Index previously seen.

“**Trading Cost**” means an actual or notional cost incurred by the relevant Index Sponsor in linking the relevant Proprietary Index to each Constituent in order to maintain the Proprietary Index. It may be deducted from the level of such Proprietary Index by such Index Sponsor when exposure to a Constituent is changed. The relevant Index Sponsor may change the Trading Cost, acting in good faith, to reflect the cost of changing exposure to each Constituent.

*Potential conflicts of interest*

The Issuer or one of its affiliates (including, but not limited to, The Royal Bank of Scotland N.V. and RBS Business Services Private Limited) may be the Index Sponsor or calculation agent in respect of a Proprietary Index to which the Securities are linked. As described above, the role of Index Sponsor or calculation agent would provide the Issuer (or one of its affiliates) with discretions to make certain determinations and judgements which may influence the Level of such Proprietary Index. Those discretions may be adverse to the interest of the holders of the Securities and may negatively impact the value of the Securities.

*Roll Return*

A Proprietary Index may have a long only exposure to futures contracts which means that the performance of such Proprietary Index (which can either be a positive or negative) will correlate with the performance of the relevant futures contract(s). Additionally, a Proprietary Index may be exposed to “roll return”. As each current front month contract (“**Current Front Month Contract**”) approaches expiry, it needs to be 'rolled' into a near front month contract (“**Near Front Month Contract**”). This involves selling the Current Front Month Contract and simultaneously purchasing the Near Front Month Contract. The roll return is the difference between the price at which the Current Front Month Contract is sold and the Near Front Month Contract is bought. The roll return will be negative if the Near Front Month Contract has a higher price than the Current Front Month Contract, which means the number of the Near Front Month Contracts bought will be lower than the amount of Current Front Month Contracts sold. Conversely, the roll return will be positive if the Near Front Month Contract has a lower price than the Current Front Month Contract, and the number of the Near Front Month Contracts bought will be higher than the amount of Current Front Month Contracts sold.

*Volatility Control*

For the purposes of a Proprietary Index, “volatility” is a measure of how much an investment has deviated from its average over a defined time. A Proprietary Index may have an automatic feature

that aims to protect against some of the inherent volatility exhibited by its underlying components and, (which may include a core index tracked by the Proprietary Index) by reducing exposure to the underlying components in times of high volatility. In periods of higher market volatility, the reduction in exposure to the underlying components may cushion the effects of market falls but constrain the benefit of market rises

The exposure of a Proprietary Index with a volatility control feature to its underlying components during periods of low volatility may be over 100 per cent of the level of the underlying components but will proportionally reduce (and may decrease to below 100 per cent of the level of the underlying components) as the volatility of those underlying components increases to above defined percentage thresholds.

#### *Trend Risk*

A Proprietary Index may use a mechanism by which it compares the performance of a component against its Moving Average in an effort to determine each component's trend. "**Moving Average**" means the simple average of the performance of a component over a defined time period. When a component's performance is above its Moving Average for a certain number of consecutive measurement dates, that component is said to be in a positive trend. When the performance is equal to or below its Moving Average for a certain number of consecutive measurement dates, the component is said to be in a negative trend. If the trend is determined to be positive for a component, the Proprietary Index may allocate exposure to the component. If a trend is determined to be negative for a component, the Proprietary Index may reduce exposure to such component to zero. If the Proprietary Index has no exposure to a negative trending component for any given period, then the Proprietary Index will not benefit from any appreciation of such component during that given period. Further, if the Proprietary Index has exposure to a positively trending component during a given period, investors will be exposed to any downside movements of that component during the period.

A Proprietary Index using this mechanism is based on the assumption that the past moving average of its components compared to their current performance is a good indicator of the future direction of those components. There is no assurance that this assumption is correct, nor is there any assurance that the strategy taken by the Index will generate positive returns.



## ANNEX B

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### PROPRIETARY INDEX DESCRIPTION

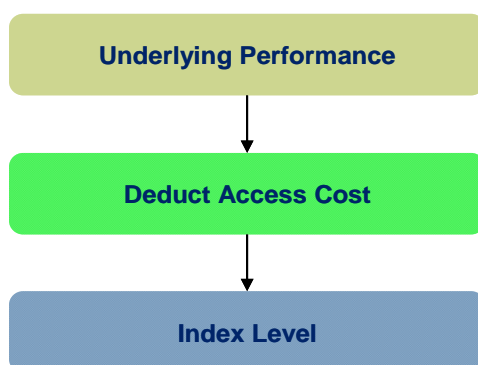
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RBS Aurum+ Index USD (ER) (the “**Index**”)

The Index is calculated by RBS Business Services Private Limited (or its successor, replacement or substitute, the “**Calculation Agent**”) based on a methodology developed by The Royal Bank of Scotland plc (the “**Index Sponsor**”). The Index is denominated in USD (the “**Base Currency**”).

The Index aims to track a notional strategy after deduction of any costs incurred by the Index Sponsor. The Index is a trend-following strategy obtained by investing in either an underlying representing gold or an underlying representing crude oil, depending on the trend identified using spot indicators (each, a “**Spot Indicator**” and together the “**Spot Indicators**”), and deducting access costs from the performance of the selected Underlying (defined below). Figure 1 below illustrates the relationship between the underlying indices and the Index.

*Figure 1 : Relationship between the Underlyings and the Index*



#### *Description of the Underlyings*

The Index consists of a trend-following strategy deriving its value from a long exposure to one of two individual underlying indices (each, an “**Underlying**” and together the “**Underlyings**”) based on the trend of a ratio of Spot Indicators.

The Underlyings are as follows:

RICI<sup>®</sup> Enhanced<sup>SM</sup> Gold Excess Return Index (“**Underlying 1**”);

RICI<sup>®</sup> Enhanced<sup>SM</sup> Crude Oil Excess Return Index (“**Underlying 2**”).

The Underlyings represent the commodity sectors of gold and crude oil.

#### *Applying the trend based strategy*

The Spot Indicators are as follows:

Gold rolling futures (“**Spot Indicator 1**”);

Average of WTI rolling futures and Brent Crude rolling futures (“**Spot Indicator 2**”).

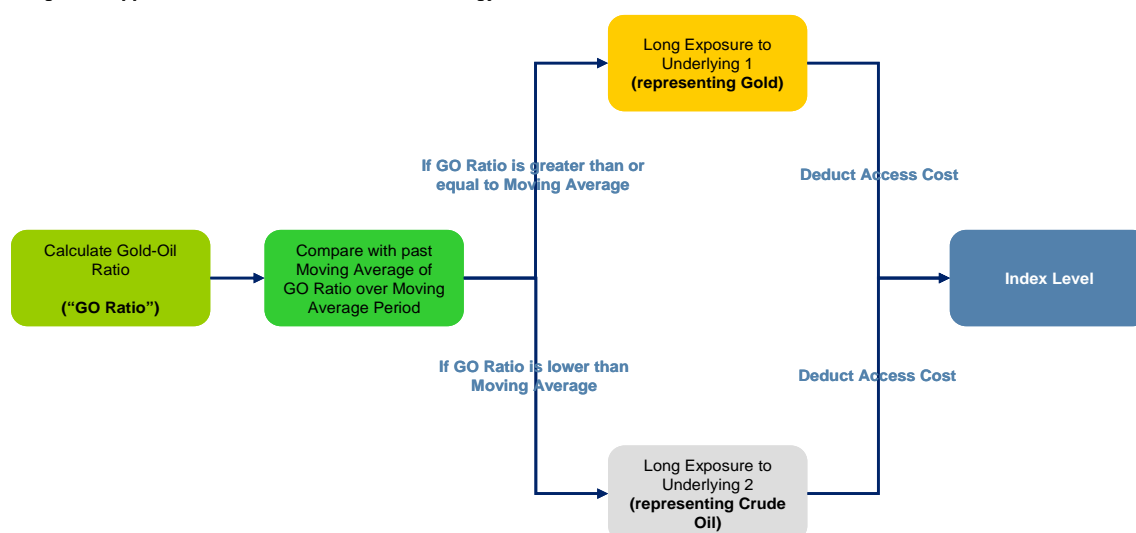
Spot Indicators are used to determine the trend of Underlyings. Unlike the Underlyings, which are optimised for seasonality and liquidity, the performance of Spot Indicators highlight the purest form of commodity trend. Hence, Spot Indicators, rather than the Underlyings, are used to derive the gold-oil ratio.

The level of Spot Indicator 1 (“**Spot Indicator 1 Level**”) is divided by the level of Spot Indicator 2 (“**Spot Indicator 2 Level**”) to obtain a gold-oil ratio (the “**GO Ratio**”). On each weekly determination date (a “**Determination Date**”), the GO Ratio on such date is compared to the moving average level of the GO Ratio (the “**Moving Average**”) over a fixed period (the “**Moving Average Period**”). If the GO Ratio on the Determination Date is greater than or equal to its Moving Average, the Index will have a long exposure to Underlying 1 (i.e., the Index will reflect the performance of Underlying 1). If not, the Index will have a long exposure to Underlying 2 (i.e., the Index will reflect the performance of Underlying 2). This exposure is maintained for one week. The aim of taking a long position in Underlying 1 is to benefit from the strengthening of gold compared to crude oil as represented by the Spot Indicators. The aim of taking a long position in Underlying 2 is to benefit from the strengthening of crude oil compared to gold.

The Index is based on the assumption that the GO Ratio is a good indicator of the ratio between gold and crude oil, and that the Moving Average of the GO Ratio is a good indicator of the relative strength of the performance of gold compared to crude oil. There is no assurance that either of these assumptions is correct, nor any assurance that this strategy will generate positive returns.

An Access Cost is deducted from the performance of each Underlying. The deduction of the Access Cost from the performance of the Underlying represents the specific expenses incurred by the Index Sponsor. The Access Cost will reduce the level of the Index. Figure 2 below illustrates the application of the GO Ratio.

**Figure 2: Application of GO Ratio trend-based strategy**



*Assumptions underlying the strategy adopted by the Index*

The Index shall be calculated at the Valuation Time on each Scheduled Trading Day which is not a Disrupted Day (each such day being a “**Calculation Date**”). The information above describes the methodology and material rules and risks relating to the Index. This information is subject to change. The Index Sponsor makes no representation or warranty that the Index will achieve its stated objectives.

A copy of the Index Rules relating to the Index will be available for review from the beginning of the offer period (if any) to the relevant maturity date upon request at the offices of the Index Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London, EC2M 4AA. Investors should note that this description of the Index Rules is subject to the detailed provisions of the Index Rules. In order to obtain the Index Rules, an investor may need to give certain non-disclosure representations to the Index Sponsor.

Investors should note that the Index Rules are subject to change from time to time. In certain circumstances, the Index Sponsor can change the method of calculating the Index, or may discontinue or suspend calculation or dissemination of the Index which could affect the return or principal amount paid on the Securities.

The Index is the intellectual property of the Index Sponsor.

## ANNEX C

### CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX OPEN END CERTIFICATES

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.*

#### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland plc, Edinburgh, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss Agent**”), each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses, provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Commodity Index**” means the commodity index (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Early Termination Amount”** means, (if any) and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Cash Amount;

**“Early Termination Date”** means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the day on which the Early Termination Event occurs or, if any such day is not a Trading Day, the next following Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event (including an Emerging Market Disruption Event) has occurred on such day, in which case the applicable Early Termination Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been an Early Termination Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Early Termination Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

**“Early Termination Event”** means the event or events (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such

security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

(x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Entitlement”** means the entitlement (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

**“Exchange”** means (i) in respect of an Index which is not a Commodity Index, the exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities that comprise the Index (the **“Shares”**) to compute the Index or any successor to such exchange or quotation system or (ii) in respect of a Commodity Index, the exchange or quotation system or any substitute exchange or quotation system in which trading of the futures or options contracts in the Index or its components principally occurs or the exchange or quotation system where trading has a material effect on the overall market for futures or options contracts relating to the Index or its components, in each case as determined by the Issuer, acting in good faith;

**“Exchange Rate”** means the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Exercise”** means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

**“Exercise Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Exercise Time”** means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

**“Final Exchange Rate”** means the Exchange Rate on the Issuer Call Date, the Early Termination Date (if applicable) or the Valuation Date;

**“Final Reference Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the level of the Index at the Valuation Time on the Valuation Date, the Early Termination Date (if any) or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent without regard to any

subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price(s) of (a) the Shares in respect of an Index which is not a Commodity Index) or (b) the components of the Index on the Exchange (in respect of a Commodity Index) and such other factors as the Calculation Agent determines relevant;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Index”** means the index or Commodity Index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Index Fee”** means the fee (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, which fee will accrue on a daily basis and be calculated by the Calculation Agent on each Trading Day in accordance with the formula (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Index Sponsor”** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and/or (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

**“Initial Exchange Rate”** means the Exchange Rate at the Valuation Time on the Pricing Date;

**“Initial Reference Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the level of the Index at the Valuation Time on the Pricing Date;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland plc incorporated in Scotland with its statutory seat in Edinburgh;



**“Issuer Call”** means termination of the Securities by the Issuer in accordance with Product Condition 3;

**“Issuer Call Commencement Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means the day specified as such in the notice delivered by the Issuer in accordance with Product Condition 3 and, if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

**“Issuer Call Notice Period”** means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Launch Date”** means the date specified as such in the applicable Final Terms;

**“Maintenance Fee”** means any fees or costs which would be incurred by a person entering into hedging arrangements, whether at the inception of the hedge and/or liquidation of corresponding hedge, or on simultaneous liquidation and re-establishment of a hedge, as determined by the Calculation Agent at the Valuation Time on the Valuation Date, Early Termination Date (if applicable) or the Issuer Call Date, as the case may be, but subject to the Maximum Maintenance Fee;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maximum Maintenance Fee”** means the fee specified as such in the definition of the relevant Series in the applicable Final Terms. The Calculation Agent may, on a daily basis, reset the Maximum Maintenance Fee in its sole discretion having regard to prevailing market conditions and such other factors as the Calculation Agent deems relevant in determining the costs associated with hedging its obligations in respect of the Securities;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment by the Issuer if, in adverse market conditions, in the opinion of the Issuer, the circumstances so require;

**“Rate”** means the rate (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the Rate shall be calculated in accordance with Product Condition 4;

**“Reference Banks”** means (if applicable) the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Related Exchange”** means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Screen Page**” means each page, if any, specified as such in the definition of “Rate” for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“**Securities**” means each Series of the index open end certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the term “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Trading Day**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

“**Underlying Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall

be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price(s) of (a) the Shares on the Exchange (in respect of an Index which is not a Commodity Index) or (b) the components of the Index on the Exchange (in respect of a Commodity Index) and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means (i) in respect of the AEX-index, the time with reference to which the Index Sponsor calculates the exchange delivery settlement price (the average of the prices of the AEX-index calculated at one minute intervals between 15.30 and 16.00 Amsterdam time) or (ii) in respect of any other Index, the time with reference to which the Index Sponsor calculates the closing level of the Index or in relation to (i) and (ii) at such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities

will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “Operator” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer

from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. Provided no Early Termination Event has occurred and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Early Termination Event: Upon the occurrence of an Early Termination Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. An Early Termination Event will override an Issuer Call and/or due Exercise if the Early Termination Event occurs prior to an Issuer Call Date or Valuation Date as the case may be.
- (d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or the occurrence of an Early Termination Event (if applicable), and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount or the Early Termination Amount as the case may be.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Early Termination Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount or the Early Termination Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States



Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
- (i) Settlement. The Issuer shall pay or cause to be paid the Cash Amount or the Early Termination Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (j) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in

connection with such determination or the notification of such determination to a Holder.

- (k) **Delivery of a Notice.** Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (l) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (m) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (n) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

#### 4. ADJUSTMENTS

- (a) Market Disruption in relation to an Index. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

In respect of an Index which is not a Commodity Index, **“Market Disruption Event”** means (i) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (i) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
- (ii) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

In respect of a Commodity Index, **“Market Disruption Event”** means, in relation to the Commodity Index or its components:

- (i) **Price Source Disruption.** The failure by the Exchange to announce or publish the price of the Commodity Index or any of its components (or the information necessary for determining such price(s)) or the temporary or permanent discontinuance or unavailability of such price(s) by the Exchange; or
- (ii) **Trading Suspension.** The material suspension of trading on the Exchange; or
- (iii) **Disappearance of Price.** The permanent discontinuation of trading in the Commodity Index or any of its components on the Exchange, disappearance of, or of trading in, the Commodity Index or any of its components or the disappearance or permanent discontinuance or unavailability of a reference price, notwithstanding the availability of the related price source or the status of trading in the Commodity Index or any of its components;
- (iv) **Material Change in Formula.** The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of a component of the Commodity Index; or
- (v) **Material Change in Content.** The occurrence, since the Issue Date, of a material change in the content or composition of a Commodity Index or any component of the Commodity Index; or
- (vi) **De Minimis Trading.** The number of contracts traded on the Exchange with respect to a Commodity Index or any of its components is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity Index or any of its components has been impaired due to a lack of, or a material reduction in, trading in the Commodity Index or any of its components on the Exchange; or
- (vii) **Tax Disruption.** The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, a Commodity Index or any of its components (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity Index or any of its components on the Valuation Date, Issuer Call Date or the Early Termination Date, as the case may be, and/or on each of the three Trading Days following the

Valuation Date, Issuer Call Date or the Early Termination Date, as the case may be, from what it would have been without that imposition, change or removal; or

- (viii) **Trading Limitation.** The material limitation imposed on trading in a Commodity Index or any of its components on any exchange or principal trading market; or
- (ix) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange is located; or
- (x) **Other Events.** Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

(b) Market Disruption in relation to a Rate (if applicable). The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

A “Market Disruption Event” means the situation in which a Rate is not available on the relevant Screen Page, in which case the relevant rate shall be determined by the Calculation Agent on the basis of quotations for the relevant rate, or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify, provided by the Reference Banks at the Valuation Time for the relevant day. The Issuer will request the principal London office of each Reference Bank to provide a quotation of the relevant rate. The relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) if more than three quotations are provided. If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the relevant Rate at its sole and absolute discretion, which determination may be delayed for up to 180 days following the occurrence of an Emerging Market Disruption Event.

~~(b)~~(c) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2), (3) or (4) below.

- (1) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the

Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

- (2) If (A) on or prior to the Valuation Date, the Early Termination Date (if applicable) or the Issuer Call Date as the case may be, the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities or components, as the case may be, and other routine events); or (B) on or prior to the Valuation Date, the Early Termination Date (if applicable) or the Issuer Call Date, as the case may be, the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level(s) for the Index on the Valuation Date, Early Termination Date (if applicable) or the Issuer Call Date, as the case may be, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those (a) in respect of an Index which is not a Commodity Index, securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed); or (b) in respect of a Commodity Index, commodity components that comprised the Index immediately prior to the change or failure (other than those components that have since ceased to be traded on the Exchange or any other exchange) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or shall (if so required by the Issuer), by giving notice in accordance with General Condition 4, terminate the Securities and pay to each Holder in respect of each Security held by such Holder an amount equal to the fair market value of the Security immediately prior to such material modification of the Index less the cost to the Issuer of unwinding any related hedging arrangements (as determined by the Issuer).

- (3) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index (which term excludes, for these purposes of this paragraph (3), any Commodity Index) in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order so to account for:
- (A) a distribution or dividend to existing holders of the Shares of (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price;
  - (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue;
  - (C) an extraordinary dividend;
  - (D) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods;
  - (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods;
  - (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date, Early Termination Date (if applicable) or the Issuer Call Date;
  - (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares;
  - (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.
- (4) The Issuer reserves the right to issue further certificates, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and

notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such further issue, adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange. The Issuer, in any event, reserves the right to in its absolute discretion terminate Securities linked to any Proprietary Index by giving notice in accordance with General Condition 4, in the event that the relevant Index Sponsor terminates, cancels or suspends, as the case may be, any such Proprietary Index.

~~(e)~~

~~(e)~~(d) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.



## ANNEX D

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### INDEX OPEN END CERTIFICATES

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Series: [Index] Open End Certificates Series [ ]

Issue Price: [ ]

Additional Market Disruption Events: [None] [specify]

Business Day: [As stated in Product Condition 1] [specify other]

Cash Amount: [Final Reference Price x Entitlement]

[(Issue Price x [Final Reference Price/Initial Reference Price]) x [Initial Exchange Rate/Final Exchange Rate]]

– Index Fee

less any accrued Maintenance Fee]

[The Cash Amount on the Pricing Date shall be the Issue Price.]

Thereafter, the Cash Amount shall be calculated on every Trading Day according to the following formula:

$$CA_t = I_t \times \frac{CA_{t-1}}{I_{t-1}} \times (1 + [(R_{t-1} - F) \times DCF(t-1, t)])$$

Where:

CA<sub>t</sub> = the Cash Amount in respect of a Trading Day t, the Valuation Date, Early Termination Date or Issuer Call Date, as applicable;

CA<sub>t-1</sub> = the Cash Amount on the immediately preceding Trading Day (t-1);

I<sub>t</sub> = the Final Reference Price on Trading Day t, or, if there has been a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date;

I<sub>t-1</sub> = the Final Reference Price on the immediately preceding Trading Day (t-1), or, if there has been a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date;

F = the Index Fee;

DCF(t-1,t) = the number of calendar days from (but excluding) Trading Day (t-1) to (and including) Trading Day t, divided by 360; and

[R<sub>t-1</sub> = the Rate on the immediately preceding Trading Day (t-1)]

The Cash Amount payable in respect of an Exercise, Early Termination Date or Issuer Call shall be calculated on the Valuation Date, Early Termination Date or Issuer Call Date, respectively]

[specify other]

Early Termination Amount: [Not applicable][As stated in Product Condition 1][*specify other*]

Early Termination Date: [Not applicable][As stated in Product Condition 1][*specify other*]

Early Termination Event: [Not applicable][Occurs if the total number of Shares comprised in the Index is less than the minimum number of index components, as more particularly described in the attached index description (the “**Index Description**”)] [*specify other*]

Emerging Market Disruption Events: [As stated in Product Condition 1] [*specify other*]

Entitlement: [ ]

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [*specify other*]

Exercise Time: [10.00 am][5.00 pm] Central European Time [*specify other*]

Final Reference Price: [As stated in Product Condition 1] [*specify other*]

[Commodity] Index: [ ] (Bloomberg Code: [ ])

Index Fee: [[ ] per cent. Per annum]  

$$[IF = \{C_{(t-1)} \times [ ] \times D_{(t)}\} / 360$$
where:  
“**IF**” means the aggregated Index Fee from the Issue Date to the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be;  
“**C<sub>(t-1)</sub>**” means the Cash Amount determined by the Calculation Agent on the immediately preceding Trading Day; and  
“**D<sub>(t)</sub>**” means the number of Trading Days from (and including) the Issue Date to (but excluding) the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be.]

[Not Applicable] [*specify other*]

Initial Reference Price: [As stated in Product Condition 1] [*specify other*]

Issuer Call Commencement Date: [The first Business Day following the [six month][one year][two year] period from and including the Issue Date] [*specify other*]

Issuer Call Notice Period: [Three months][One calendar year][Two calendar years] [*specify other*]

Maximum Maintenance Fee: [[ ] per cent. Per annum][Not Applicable] [*specify other*]

Pricing Date(s): [ ]

Rate:

[first rate]

Screen Page: [specify]

Reference Banks:

[The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Rate, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [specify other]

[As stated in Product Condition 1] [specify other]

Relevant Currency:

Relevant Number of Trading Days:

For the purposes of:

[Early Termination Date:] [8, or in respect of an Emerging Market Disruption Event only, 180]

Issuer Call Date: [8, or in respect of an Emerging Market Disruption Event only, 180]

Valuation Date: [8, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency:

[ ]

Settlement Date:

[The [fifth] Business Day following the Valuation Date[, Early Termination Date] or the Issuer Call Date, as the case may be] [specify other]

Standard Currency

[As stated in Product Condition 1] [specify other]

Trading Day:

[As stated in Product Condition 1] [specify other]

Underlying Currency:

[ ]

Valuation Date(s):

The last Trading Day of [March] in each year, commencing from and including [March] [year] [specify other]

Amendments to General Conditions and/or Product Conditions: [Additional Condition 2.1: Applicable] [Additional Condition 4.1: Applicable][Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Amendments to the Offering Procedure for the Securities: [ ]

*(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

ISIN: [ ]

Common Code: [ ]

Fondscore: [ ]

WKN: [ ]

Other Securities Code: [ ][Symbol: ]

Other Provisions: [ ]

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

## INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[ ]

*(Insert the following where the Securities are sold to Italian investors)*

[Website: [ ]]

Italian Newspaper: [ ]]

[Secondary Market:

(i) Under normal market conditions, the Issuer intends (but is not obliged) to provide a secondary market throughout the term of the Securities with an indicative spread of [specify].[specify other]] *(only applicable for Securities clearing via Euroclear Finland and Euroclear Sweden AB); or*

(ii) The Royal Bank of Scotland plc ("**RBS**") will use reasonable endeavours, under normal market conditions and at its discretion, to provide Holders with a bid/offer price for the Securities with a maximum spread of [specify]% on a daily basis and will indicate at the time of providing the quotation how long such quotation will remain actionable, or, in any event, not longer than what the Issuer considers a commercially reasonable time. RBS will not be required to provide a bid/offer price if an event or series of events occurs outside RBS's control (whether or not affecting the market generally) results in (i) the unscheduled closing, (ii) any suspension or (iii) the disruption of any (a) physical or electronic trading system or market affecting the Securities or (b) computer, communications or other service system used by RBS to generate a quotation in respect of the Securities. RBS may determine a bid/offer price in a different manner than other market participants and prices can vary. Sometimes this variance may be substantial. The bid/offer spread will be subject to RBS's discretion. [specify other]] *(only applicable for Securities clearing via Euroclear Finland and Euroclear Sweden AB)]*

Series:

*[Index] Open End Certificates Series [ ] [other]*

*[repeat as above for each new Series]*

