
LaunchPAD Programme

Supplementary Prospectus dated 7 December 2011

**FIRST SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD
PROGRAMME FOR THE ISSUANCE OF CREDIT LINKED NOTES**



The Royal Bank of Scotland plc

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

The Royal Bank of Scotland plc

Credit Linked Notes

LaunchPAD Programme

(the “Programme”)

- 1 This supplement dated 7 December 2011 (this “**Supplement**”) constitutes the first supplement to the base prospectus dated 18 November 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of Credit Linked Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 18 November 2011 (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 meaning 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 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the “**Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc. The Registration Document is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 7 By virtue of this Supplement, paragraph (k) entitled “Credit Ratings” in the sub-section “Information on the Offering of Notes” in the section entitled “General Information” of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“(k) Credit Ratings

Any rated Notes are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Notes.

Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “A”; senior notes issued by RBS with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS “BBB-”; and undated tier 2 notes issued by RBS “BB+”. Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “A”; senior notes issued by RBS with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis. Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “A2”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by S&P, an “A” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an “A-1” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A “BBB” rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer’s inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by S&P, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an “A” rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody’s, an “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody’s, the addition of a “2” indicates that the obligation ranks mid-range in its generic rating

category. As defined by Moody's, a "P-1" rating means that the Issuer has a superior ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions – 1 November 2011" published by S&P (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - July 2011" published by Moody's (available at www.moodys.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus, including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 8 By virtue of this Supplement, the following shall be inserted after the sub-section "Litigation – Other securitisation and securities related litigation in the United States" in the section entitled "General Information":

"Other Investigations

In July 2010, the Financial Services Authority ("FSA") notified the Group that it was commencing an investigation into the sale by Coutts & Co of the ALICO (American Life Insurance Company) Premier Access Bond Enhanced Variable Rate Fund ("EVRF") to customers between 2001 and 2008 as well as its subsequent review of those sales. Subsequently on 11 January 2011, the FSA revised the investigation start date to December 2003.

On 8 November 2011, the FSA published its Final Notice having reached a settlement with Coutts & Co, under which Coutts & Co agreed to pay a fine of £6.3 million. The FSA did not make any findings on the suitability of advice given in individual cases. Nonetheless, in order to address the possibility that unsuitable advice may potentially have been given in relation to the EVRF, Coutts & Co has agreed to undertake a past business review of its sales of the product. This review will be overseen by an independent third party and will consider the advice given to customers invested in the EVRF as at the date of its suspension, 15 September 2008. As part of the review, Coutts & Co may identify clients affected by the FSA's findings and will offer them redress."

- 9 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>, on the London Stock Exchange plc's website at <http://www.londonstockexchange.com/news/market-news/rns/rns.htm> and can be obtained from the registered office of the Issuer at 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom, telephone +33 131 523 3636.
- 10 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus, the statements referred to in (a) above will prevail.

- 11 Save as disclosed in 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 been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland plc