

BASE PROSPECTUS



THE ROYAL BANK OF SCOTLAND N.V.

(incorporated in The Netherlands with its statutory seat in Amsterdam)

BASE PROSPECTUS RELATING TO

PRINCIPAL-PROTECTED AND NON-PRINCIPAL PROTECTED INDEX OR EQUITY LINKED NOTES (ACCUMULATOR – BULL NOTES)

This document is a base prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and constitutes the Base Prospectus relating to the issue of offering of the notes described herein (the “**Notes**”) issued by The Royal Bank of Scotland N.V., acting through its London Branch (the “**Issuer**”) (the programme in respect of the Notes being the “**Accumulator Notes Programme**”).

This Base Prospectus should be read and construed in accordance with the Registration Document for RBS Holdings N.V. (previously known as ABN AMRO Holding N.V.) and The Royal Bank of Scotland N.V. (previously known as ABN AMRO Bank N.V.) dated 1 July 2010 (as supplemented) (the “**Registration Document**”). Full information on the Notes and the Issuer is only available on the basis of the combination of this Base Prospectus and the Registration Document. As set out in this Base Prospectus in the Section entitled “Documents Incorporated by Reference”, the Registration Document is deemed to be incorporated in and forms a part of this Base Prospectus. Any Notes issued on or after the date of this Base Prospectus are issued on the basis of the provisions described herein.

The Issuer has requested the Stichting Autoriteit Financiële Markten (the “**AFM**”) to provide the Swedish Financial Supervisory Authority (*Finansinspektionen*) in its capacity as competent authority in Sweden for the purposes of Article 3.2 of the Prospectus Directive, with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive.

The final terms relevant to an issue of Notes which are to be admitted to trading on a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC or in respect of offers which do not fall within the Prospectus Directive will be set out in a document (the “**Final Terms**”) which will be delivered to the AFM and made available, free of charge, to the public at the registered

office of the Issuer and at the offices of the relevant distributor(s) specified in the applicable Final Terms (each a “**Distributor**”) and the Principal Agent.

The Notes are either zero coupon or interest bearing index or equity linked principal-protected or non-principal protected notes. At maturity, the holder of the Notes (the “**Holder**”) will be paid an amount which is a function of the performance during some or all of the calculation periods of either a specified index or a specified share, as set out in the applicable Final Terms. The Notes may be in bearer global form or dematerialised registered form as specified in the Final Terms.

Prospective purchasers of the Notes should ensure that they understand fully the nature of the Notes and the extent of their exposure to the risks associated with the Notes. The market price and/or value of the Notes may be volatile and Holders may not receive any return on the value of their investment. Prospective purchasers need to consider the suitability of an investment in the Notes in light of their own financial, fiscal, regulatory and other circumstances. A discussion of principal risk factors that could affect Holders is contained in the section headed “Risk Factors” but this Base Prospectus does not describe all of the risks of an investment in the Notes.

No person has been authorised to give any information or to make any representations other than those contained in this Base Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

This Base Prospectus is to be read in conjunction with all documents that are deemed to be incorporated therein by reference and shall be read and construed on the basis that such documents are incorporated in and form part of the Base Prospectus.

Application will, if so specified in the applicable Final Terms, be made to NYSE Euronext for the Notes to be admitted to trading and listed on Euronext Amsterdam N.V. (“**Euronext Amsterdam**”) by NYSE Euronext. References in this Base Prospectus to the Notes being “**listed**” (and all related references) shall mean that application will be made for the Notes to be admitted to trading on the regulated market of Euronext Amsterdam which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. The Notes may also be listed and admitted to trading on such other or further regulated market(s) or stock exchange(s) as may be specified in the applicable Final Terms. The Issuer may also issue unlisted Notes.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes. Neither the delivery of this Base Prospectus nor any information provided in the course of a transaction in the Notes shall, in any circumstances, be construed as a recommendation by the Issuer to enter into any transaction with respect to the Notes. Each prospective investor contemplating a purchase of the Notes should make its own independent investigation of the risks associated with a transaction involving the Notes.

An investment in the Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for

facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, which would permit a public offering of the Notes or possession or distribution of this Base Prospectus or any offering material in relation to the Notes in any jurisdiction where action for that purpose is required, save in The Netherlands, where this Base Prospectus has been approved by the competent local authority in accordance with the Prospectus Directive and any jurisdiction specified in the Final Terms, in which such Notes are to be offered (the “**Offering Jurisdiction**”), where this Base Prospectus will be notified to the competent local authority in accordance with the Prospectus Directive. No offers, sales or deliveries of any Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer. For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of this Base Prospectus and other offering material relating to the Notes please refer to “*Selling Restrictions*” in this Base Prospectus.

The Notes may not be legally or beneficially owned by US Persons at any time. Each Holder and each beneficial owner of a Note hereby represents, as a condition to purchasing or owning the Notes or any beneficial interest therein, that neither it nor any person for whose account or benefit the Notes are being purchased is located in the United States, is a US Person or was solicited to purchase or did purchase the Notes while present in the United States. Each Holder and each beneficial owner of a Note hereby agrees not to offer, sell or deliver any of the Notes, at any time, directly or indirectly in the US or to any US Person. The term “**US Person**” will have the meaning ascribed to it in both Regulation S under the Securities Act and the Internal Revenue Code.

All references in this Base Prospectus to (i) “**SEK**”, “**Skr**”, “**Swedish krona**” and “**Swedish crown**” are references to the lawful currency of the Kingdom of Sweden, (ii) “**NOK**”, “**Norwegian krone**” and “**Nkr**” are references to the lawful currency of the Kingdom of Norway and (iii) and all references to “**EUR**” and “**Euro**” in this Base Prospectus refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

**THE ROYAL BANK OF SCOTLAND N.V.,
acting through its London Branch**

The date of this Base Prospectus is 8 September 2010

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SUMMARY

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area (an “EEA State”), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this summary.

Issuer

The Royal Bank of Scotland N.V. (previously known as ABN AMRO Bank N.V.) (the “**Issuer**” or “**RBS N.V.**”), acting through its London Branch currently situated at 250 Bishopsgate, London, EC2M 4AA, or any of its successors or assignees which may, for the avoidance of doubt, include The Royal Bank of Scotland Group plc (“**RBSG**” or “**RBS**”) or any of its affiliates or subsidiaries, including The Royal Bank of Scotland plc (“**RBS plc**”). Notwithstanding the foregoing, the term affiliate shall not include (i) the UK government or any member or instrumentality thereof, including Her Majesty’s Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty’s Treasury and UK Financial Investments Limited) and which are not part of RBSG and its subsidiary or subsidiary undertakings (including RBS N.V. and each of its subsidiary or subsidiary undertakings).

History and Development

The origin of RBS N.V. can be traced to the formation of “Nederlandsche Handel-Maatschappij, N.V.” in 1825 pursuant to a Dutch Royal Decree of 1824. RBS N.V.’s Articles of Association were last amended by deed of 1 April 2010 executed before Mr. M.W. Galjaart, a deputy of Mr. B.J.Kuck, a notary public in Amsterdam. RBS N.V. is registered in the Commercial Register of Amsterdam under number 33002587. RBS N.V.’s registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) (“**RBS**

Holdings”), which is incorporated as a limited liability company under Dutch law by deed of 30 May 1990. The articles of association of RBS Holdings were last amended by deed of 1 April 2010 executed before Mr. M.W. Galjaart, a deputy of Mr. B.J. Kuck, a notary public in Amsterdam. RBS Holdings is registered in the Commercial Register of Amsterdam under number 33220369. The registered office of RBS Holdings is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS Holdings owns 100 per cent. of RBS N.V.’s shares and is jointly and severally liable for all our liabilities in respect of the structured products pursuant to a declaration under Article 2:403 of the Dutch Civil Code.

RBS Holdings and the Issuer form part of RBSG.

Overview:

The Issuer is a bank licensed by the Dutch Central Bank (*De Nederlandsche Bank*). RBSG targets the highest possible credit rating for RBS N.V.

The Issuer operates on a significant scale across Europe, Middle East and Africa (EMEA), the Americas and Asia. At legal separation from the ABN AMRO group on 1 April 2010 (see the paragraph “Separation from the ABN AMRO group” below), RBS N.V. has a sizeable balance sheet, a significant staff presence and a broad set of products; provided by a sales force operating in approximately 40 countries (reducing over time following intended asset sales or exits of selected network countries). As at 31 December 2009, the RBSG acquired businesses within RBS N.V. reported total consolidated assets of €275 billion and had more than 27,000 full time staff through a network of 264 offices and branches.

Headquartered in Edinburgh, RBSG operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, RBS and Natwest. Both RBS and Natwest are major United Kingdom clearing banks whose origins go back over 275 years. In the United States, RBSG’s subsidiary Citizens is a large commercial banking organization. RBSG has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

Group Organisational Structure:

RBS N.V. comprises the following core businesses:

- Global Banking & Markets: Global Lending, Equities, Short Term Markets & Funding and Local Markets;

- Global Transaction Services: Global Trade Finance, Transaction Banking and International Cash Management;
- Risk & Restructuring: The Non-Core Division in Risk & Restructuring contains assets that are no longer core to RBSG's strategic objectives and include Trading, Wholesale Banking and Retail & Commercial Business Units, as well as selected network countries. The assets will reduce over time through wind-down, sale or transfer.

These RBS N.V. businesses are part of global business units in RBSG that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall businesses' strategies of RBSG.

Separation from the ABN AMRO group:

On 17 October 2007 85.6 per cent. of the shares in ABN AMRO Holding N.V. was acquired through RFS Holdings B.V. ("**RFS Holdings**"), a company incorporated by a consortium consisting of RBSG, Fortis N.V., Fortis SA/NV ("**Fortis**") and Banco Santander S.A. each a "**Consortium Member**".

On 3 October 2008 the State of the Netherlands ("**Dutch State**") acquired all Fortis' businesses in The Netherlands, including the Fortis share in RFS Holdings. On 24 December 2008, the Dutch State purchased from Fortis Bank Nederland (Holding) N.V. its investment in RFS Holdings, to become a direct shareholder in RFS Holdings.

RBSG and the Dutch State agreed that the Dutch State acquired businesses would be legally separated from the residual RBSG acquired businesses into a new bank.

Legal demerger and legal separation process

On 30 September 2009 ABN AMRO Holding N.V. announced that a two-step approach would be taken to effect the legal separation of the assets and liabilities acquired by the Dutch State:

Step 1 – "**Legal Demerger**": Transfer of the majority of the Dutch State acquired businesses from ABN AMRO Bank N.V. (the "**Demerging Company**") to a new legal entity, ABN AMRO II N.V. (the "**Acquiring Company**"). Following the demergers and the transfer of the Dutch State acquired businesses into the new bank, the Demerging Company was to be renamed The Royal Bank of Scotland N.V. The Acquiring Company, comprising the Dutch State acquired businesses, was to then be renamed ABN AMRO Bank N.V.

The Legal Demerger and the consequent name changes were successfully effected on 6th February 2010.

Step 2 – "**Legal Separation**": Transfer of the shares of the

renamed ABN AMRO Bank N.V. from ABN AMRO Holding N.V. to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding N.V. Following the transfer of the shares in ABN AMRO Bank N.V. to a new holding company, ABN AMRO Holding N.V. was to be renamed RBS Holdings N.V.

The Legal Separation and the consequent name change were successfully effected on 1 April 2010.

Following Legal Separation, the Issuer's activities continue to be subject to Dutch Central Bank (*De Nederlandsche Bank*) and the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) supervision and on a consolidated basis as part of RBSG subject to UK Financial Services Authority supervision. Due to the change in the operating model of RBS N.V. compared to pre-acquisition ABN AMRO Bank N.V. a licence renewal has been granted by the Dutch Central Bank on 3 February 2010.

Following Legal Separation a new managing board and supervisory board of RBS N.V. were appointed.

Risk Factors relating to the Issuer

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes, including the fact that the Issuer's results can be adversely affected by (i) general economic conditions and other business conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risks, see "*Risk Factors*" in the Registration Document.

Guarantor

RBS Holdings pursuant to its declaration under Article 2:403 of The Netherlands Civil Code.

Principal Agent and Calculation Agent

The Royal Bank of Scotland N.V., acting through its London Branch, or its successors or assignees which may, for the avoidance of doubt, include RBSG or any of its affiliates or subsidiaries, including RBS plc. Notwithstanding the foregoing, the term affiliate shall not include (i) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Investments Limited) and which are not part of RBSG and its subsidiary or subsidiary undertakings (including RBS N.V. and each of RBS N.V.'s subsidiary or subsidiary undertakings).

Notes	Principal-Protected and Non-Principal Protected Index or Equity Linked Notes (Accumulator - Bull Notes)
Listing and Admission to Trading	If so specified in the applicable Final Terms, application will be made to NYSE Euronext for the Notes to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext or to any other stock exchange or market specified in the Final Terms up to the expiry of 12 months from the date of this Base Prospectus. The Issuer may also issue unlisted Notes.
Description of the Notes	<p>The Notes are denominated in the Settlement Currency set out in the applicable Final Terms and are either zero coupon or interest bearing index or equity linked principal-protected or non-principal protected notes. The issue price of each note (the “Issue Price”) will be set out in the applicable Final Terms. The amount which will be paid to the investor at maturity (the “Final Redemption Amount”), in addition to a minimum of a specified percentage of the Specified Denomination, is a function of the performance during some or all of the calculation periods of either a single index or a single share, as specified in the applicable Final Terms (the “Underlying”).</p> <p>The Notes are designed to give Holders exposure to a notional series of consecutive one year call options on the Underlying. At the end of each calculation period the performance of the notional option will be determined (adjusted to take into account the relevant participation rates) and any positive performance (as so adjusted) used as follows:</p> <ul style="list-style-type: none"> • to pay performance fees to the Issuer; • to pay coupon amounts (if any) to Holders; • to increase the participation rate in the notional option for the next calculation period (up to the specified maximum participation rate); and <p>finally, to the extent of any remaining surplus, to be credited to a notional reserve.</p> <p>The notional reserve may be used to increase the participation rate for future calculation periods (up to the specified maximum participation rate). If the notional reserve exceeds a particular target level before the maturity date, part of the reserve may be paid to Holders in advance of the maturity date in the form of an additional coupon on the Notes. The balance of the notional reserve will be paid out to Holders on the Maturity Date. Further details are set out below.</p> <p>Coupon</p> <p>The coupon amount, if any, which will be paid out to investors on</p>

each Interest Payment Date, will be an amount calculated as the product of (x) the Specified Denomination of the relevant Note; (y) the percentage specified as the lock-in level (the “**Lock-in Level**”) for the relevant calculation period (being the period from and excluding Valuation Date(t-1) to and including Valuation Date(t)); and (z) the Option Payoff (which is directly linked to the performance of the Underlying(s)) during the relevant calculation period. If the Underlying performs positively during the lifetime of the Notes, the rate of interest may be increased.

Final Redemption Amount

In the case of principal-protected (or non-principal protected) Notes, when the Notes mature on the Maturity Date, investors will receive an amount for each Note equal to the sum of (i) a specified percentage of the Specified Denomination (which, in the case of principal protected Notes, will be equal to or greater than 100 per cent. but may be less than the Issue Price and in the case of non-principal protected Notes, will be less than 100 per cent. but equal to or greater than zero, and may be less than the Issue Price) equal to the specified level of principal protection of the Notes and (ii) the Specified Denomination multiplied by the Return, subject to a minimum of zero.

The Final Redemption Amount can be subject to a cap or floor.

Return

The Return is a percentage calculated as the sum of (i) the Reserve (full details of which are provided below) on the Valuation Date immediately preceding the Final Valuation Date; and (ii) the product of (x) the Option Payoff (further details of which are provided below) as of the Final Valuation Date and (y) 100 per cent. minus the Lock-in Level. Upon the occurrence of certain events, the Lock-in Level may be revised to a different specified percentage.

Reserve

The “**Reserve**” is an amount which reflects that portion of the Option Payoff that has accrued but which has not been used to pay coupon amounts on the Notes.

Option Payoff

The Option Payoff, in each case, for each Valuation Date is calculated as follows:

1. First, the Performance is calculated. The “**Performance**” for any calculation period is calculated as the percentage (if any) by which the Final Level is higher than the Strike Level.

For this purpose, “**Final Level**” means the Underlying level

or price on the relevant Valuation Date or, if Final Averaging is specified as applicable, the arithmetic average of the Underlying level or price recorded on each of the relevant Final Averaging Dates and “**Strike Level**” means the Underlying level or price on the immediately preceding Valuation Date or, if Strike Averaging applies, the arithmetic average of the Underlying level or price on the relevant Strike Averaging Dates (each, the “**Strike Level**”).

If “Look-Back” is applicable, the Strike Level or if “Look-Forward” is applicable, the Final Level, can be the highest or lowest level or price of the Underlying on the relevant observation dates during the relevant Look-Back or Look-Forward period.

The Performance may be subject to a cap or floor.

2. Secondly the Performance is multiplied by the specified participation rate for the relevant calculation period. The participation rate refers to the extent to which the Holder participates in the performance of the Underlying. The participation rate(s) will be initially determined in the light of market conditions on or before the Strike Date, and can be increased during the life of the Notes, as determined by the performance of the Underlying(s) during the previous calculation period(s), the Lock-in Level and a percentage equal to the divisor specified in the applicable Final Terms (the “**Divisor**”). The Divisor effectively represents the “price” of the option for the relevant calculation period. The Participation Rate(s) can be subject to a maximum level.
3. Thirdly, the resulting amount (the product of the Performance and specified participation rate) may be reduced by certain deductions made on account of performance fees (at the Performance Fee Rate specified in the Final Terms). The performance fees represent notional payments made to the Issuer in respect of the distribution and structuring of the Notes.

The Option Payoff for each calculation period will notionally be applied by the Issuer to pay the coupon amount for such calculation period, with the remainder being notionally applied to increase the participation rate for the next following Valuation Date (up to the specified maximum participation rate). To the extent that any portion of the Option Payoff is remaining after the notional payment of such coupon amounts and notional application towards increasing the participation rate to the maximum level for the next

following Valuation Date, the surplus amount will form part of the Reserve.

If on any Valuation Date (excluding the final Valuation Date) the accumulated Reserve exceeds the amount specified to be the “Reserve Early Payment Target” then a Reserve Early Payment Event will occur. The consequences of a Reserve Early Payment Event are that (i) an additional interest amount will be payable on the Notes on the next following interest payment date; (ii) the Lock-in Level will be increased to a percentage specified in the applicable Final Terms for the purposes of all future Valuation Dates; and (iii) the level of the Reserve will be adjusted. A Reserve Early Payment Event may only occur once.

Early Redemption Amount

The Notes may only be redeemed before the maturity date for reasons of default by the Issuer, the illegality of the Issuer’s payment obligations or its hedging arrangements or certain changes affecting the tax treatment of the Issuer or its affiliates in relation to the Notes or their hedging arrangements in respect of the Notes. In such event the Notes will be redeemed at their fair market value immediately prior to the date on which they became redeemable (ignoring any such illegality) less the cost of unwinding such hedging arrangements.

Adjustments, Disruptions and Business Days

The full terms and conditions contain provisions dealing with non-business days, disruptions and adjustments that may affect the Underlying(s).

Issue Size	As specified in the applicable Final Terms.
Issue Date	As specified in the applicable Final Terms, or such other date as the Issuer in its sole and absolute discretion may decide.
Subscription Period	From and including the respective dates specified in the applicable Final Terms, or such other period as the Issuer in its sole and absolute discretion may decide. The Issuer reserves the right to cancel the issue of Notes should the total amount subscribed for on the Issue Date be less than the Minimum Issue Size.
Maturity Date	The date so specified in the applicable Final Terms.
Strike Date	The date so specified in the applicable Final Terms.
Final Valuation Date	The date so specified in the applicable Final Terms.
Valuation Dates	The dates so specified in the applicable Final Terms.
Nominal Amount	The amount equal to the Specified Denomination as specified in the applicable Final Terms.

Settlement Currency	The currency specified in the applicable Final Terms.
Minimum Issue Size	The amount specified in the applicable Final Terms. The Issuer reserves the right to cancel the issue of the Notes should the total amount subscribed for on the Issue Date be less than the Minimum Issue Size.
Issue Price	As specified in the applicable Final Terms.
ISIN	As specified in the applicable Final Terms.
Common Code	As specified in the applicable Final Terms.
Protection Level	As specified in the applicable Final Terms.
Participation	As specified in the applicable Final Terms, which will be a positive number (indicative and to be fixed on the Pricing Date).
Pricing Date	As specified in the applicable Final Terms.
Final Redemption Amount	The Notes will be redeemed on the Maturity Date in accordance with the Product Conditions.
Valuation Dates	As specified in the applicable Final Terms.
Sales of Notes	Unless otherwise specified in the applicable Final Terms, the Issuer has entered into a market making agreement with the relevant Distributor under which, so long as that agreement remains in force, the Distributor will provide indicative prices for Notes to investors or, upon request, a firm price for Notes, subject in each case to it having received such an indicative or, as the case may be, firm price from the Issuer. In the absence of receiving such a price, the Distributor may provide an indicative or firm price at its discretion.
Minimum trading size	As specified in the applicable Final Terms.
Risk factors relating to the Notes	<p>There are certain factors which are material for the purpose of assessing the risks associated with the Notes, including the following:</p> <ul style="list-style-type: none"> (i) The terms of the Notes will provide that the Final Redemption Amount will be dependent upon the performance of the Underlying. (ii) In the case of principal-protected Notes, the Final Redemption Amount (but not any Early Redemption Amount) of each Note is subject to a minimum of its nominal amount (which may be less than the Issue Price). If the Issue Price of the Notes is higher than 100 per cent., investors risk losing part of their investment. (iii) In the case of non-principal protected Notes, neither the Final Redemption Amount nor any Early Redemption Amount is 100 per cent. principal protected and, in the

event that there is zero principal protection of the Notes, the Final Redemption Amount may be zero if the Reserve on the Final Valuation Date is zero. Investors therefore risk losing all or part of their investment.

- (iv) An investment in the Notes is not the same as an investment in the Underlying or an investment which is directly linked to the Underlying. If so specified in the applicable Final Terms, the calculation of the Underlying Performance may include dividends, otherwise investors will not benefit from such dividends. Further the price(s) or level(s) of the Underlying are subject to underlying fees and costs which will reduce the return on the Notes. The Notes themselves may be subject to a performance fee which will reduce the return on the Notes.
- (v) The price(s) or level(s) of the Underlying may go down as well as up throughout the term of the Notes. Furthermore, the price(s) or level(s) of the Underlying at any specific date may not reflect its prior or future performance. There can be no assurance as to the future performance of the Underlying. Accordingly, before investing in the Notes, prospective investors should carefully consider whether an investment based on the performance of the Underlying is suitable for them.
- (vi) In relation to the calculation of the Option Payoff, the level or price of the Underlying on a Valuation Date (excluding the first Valuation Date) specified in the applicable Final Terms as a Postponed Valuation Date, will be observed on a certain number of Scheduled Trading Days following such Valuation Date. This means that the Note has no exposure to the Underlying from and including the relevant Valuation Date to and excluding the Postponed Valuation Date, and if the level or price of the Underlying were to increase in value during that period, this positive performance will not be reflected in the Note. Similarly, if the level or price of the Underlying were to fall in value during that period, the Note will not reflect such decrease.
- (vii) Where the Notes relate to an Underlying which involves emerging market countries, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.
- (viii) The Notes involve complex risks, including, among other things, share price risks, credit risks, interest rate risks,

exchange rate risks and/or political risks.

- (ix) The Final Redemption Amount may be subject to caps(s) or floor(s).
- (x) It is not possible to predict the price at which the Notes will trade in the market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, purchase Notes at any time at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. The market for the Notes may be limited. The only way in which a Holder can realise value from a Note prior to the Maturity Date is to sell it at its then market price in the market which may be less than the amount initially invested.
- (xi) Fluctuations in the price(s) or level(s) of the Underlying(s) (if any) may affect the value of the Notes.
- (xii) Accordingly, an investment in the Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
- (xiii) The relevant Distributor may charge a commission, payable by the investor, of no greater than the percentage of the purchase price of the Notes purchased specified in the applicable Final Terms. In addition, the Issuer may pay a commission to that Distributor.
- (xiv) The Issuer reserves the right to cancel the issue of the Notes if (a) any circumstance occurs which, in the Issuer's opinion, may have a significant impact on the issue, or (b) the Participation is less than the minimum Participation specified in the applicable Final Terms, or (c) if the amount in respect of which offers are received is (or is determined by the Issuer or the relevant Distributor to be likely to be) less than the amount specified in the applicable Final Terms. In case of cancellation, the Issuer will repay the purchase price and any commission paid by any investor without interest.
- (xv) The level and basis of taxation on the Notes and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor's individual circumstances. The tax and regulatory characterisation of the Notes may change over their life. This could have

adverse consequences for investors.

- (xvi) Before making any investment decision with respect to the Notes, any prospective investors should consult their own financial, tax or other advisers as they consider necessary and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.
- (xvii) The Issuer or one of its affiliates may be the sponsor or calculation agent in respect of (i) the Underlying or (ii) one or more of the components of the Underlying (in each case, if any) to which the Notes are linked. Under the rules of the Underlying (or component of the Underlying), the role of sponsor or calculation agent provides the Issuer (or one of its affiliates) with discretions to make certain determinations and judgements which may influence the Level of the Underlying (or component of the Underlying). Those discretions may be adverse to the interest of the Holders and may negatively impact the value of the Notes.

See “*Risk Factors*” in this Base Prospectus.

General Conditions

Set out below is a summary of certain significant provisions of the General Conditions applicable to all Notes issued under this Base Prospectus.

Status of the Notes

The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Early Termination

The Issuer may terminate any Notes if it shall have determined in its absolute discretion that its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable law. In such circumstances the Issuer will, to the extent permitted by law, pay to each Holder in respect of each Note held by such Holder an amount calculated by the Calculation Agent as fair market value of the Note immediately prior to such termination (ignoring such illegality) less the cost of the Issuer of unwinding any related hedging arrangements.

Additional Disruption Event

If an Additional Disruption Event (as defined in Asset Condition 3) occurs, the Issuer may at its discretion (i) require the Calculation Agent to determine the appropriate adjustment to the terms of the Conditions to account for the Additional Disruption Event or (ii) give notice and redeem all of the Notes at their Early

	Redemption Amount.
<i>Substitution</i>	The Issuer may at any time, without the consent of the Holders substitute for itself as Issuer of the Notes, RBS plc or any entity other than RBS plc subject to the conditions set out in General Condition 11. In certain cases, substitution may be required to be effected in accordance with the rules of one or more clearing systems specified in the applicable Final Terms.
<i>Taxation</i>	The Holder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Notes held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.
<i>Adjustment for European Monetary Union</i>	The Issuer may, without the consent of any Holder, on giving notice to the Holders elect that, with effect from the date specified in such notice, certain terms of the Notes shall be redenominated in euro, see General Condition 14.
<i>Form of Notes</i>	The Notes will be issued in global form or dematerialised form, provided that if the Notes are cleared through Euroclear Finland, Euroclear Sweden, VPS or VP Securities they will be issued in dematerialised form only.
<i>Settlement of Notes</i>	The Notes may be cash settled, or physically settled, as specified in the Final Terms.
<i>Market Disruption Events:</i>	If certain events occur Holders of the Notes may experience a delay in settlement and the cash price paid on settlement, or the value of the assets delivered, may be adversely affected.
Final Terms	Each Series will be the subject of a Final Terms which will contain the final terms applicable to the Series. The form of the Final Terms applicable to each type of Note is set out at the end of this Base Prospectus. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Asset Conditions and Product Conditions as they apply to that Series.
Selling Restrictions	There are restrictions on the sale of the Notes and the distribution of the offering material in certain jurisdictions including the United States and the European Economic Area (including the United Kingdom and The Netherlands). In addition, these Notes may not be offered or sold: (i) to any person/entity listed on sanctions lists of the European Union, United States or any other applicable local competent authority; (ii) within the territory of

Cuba, Sudan, Iran and Myanmar; (iii) to residents in Cuba, Sudan, Iran or Myanmar; (iv) to Cuban Nationals, wherever located.

Governing Law

English law.

Jurisdiction

The courts of England have exclusive jurisdiction to settle any dispute arising from or in connection with the Notes.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes, or to perform any delivery obligations in relation to the Notes, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors in the Notes should also read the detailed information set out elsewhere in this Base Prospectus and the Registration Document and reach their own views prior to making any investment decision.

Before making an investment decision with respect to any Notes, prospective investors in the Notes should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.

The Issuer disclaims any responsibility to advise prospective investors in the Notes regarding any matters arising under the laws of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments on, the Notes. Prospective investors in the Notes should consult their own legal and financial advisors concerning these matters.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this section.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued

Each potential investor in the Notes should refer to the Risk Factors section of the Registration Document incorporated by reference in this Base Prospectus for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Notes.

Factors which are material for the purpose of assessing the market risks associated with the Notes

1. *The Notes may not be a suitable investment for all investors*

The Notes may not be a suitable investment for all investors. The purchase of the Notes involves substantial risks. Each potential investor in the Notes must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor in the Notes should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information and/or documents contained or incorporated by reference in this Base Prospectus or any applicable Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the Notes and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor in the Notes should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the prospective investor in the Notes' overall investment portfolio.

2. *The value of the Notes may fluctuate*

The value of the Notes may move up and down between their date of purchase and their maturity date. Holders may sustain a total loss of their investment (unless the Notes are of a type in which capital is protected). Prospective purchasers should therefore ensure that they understand fully the nature of the Notes before they invest in the Notes.

Several factors, many of which are beyond the Issuer's control, will influence the value of the Notes at any time, including the following:

- (a) *Valuation of the Underlying.* The market price of the Notes at any time is expected to be affected primarily by changes in the level of the Underlying to which such Notes are linked. It is impossible to predict how the level of the relevant Underlying will vary over time. Factors which may have an effect on the level of the Underlying include, in the case of a stock or index, the rate of return of the Underlying and the financial position and prospects of the issuer of the Underlying or any component thereof. In addition, the level of the Underlying may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Potential investors should also note

that whilst the market value of the Notes is linked to the relevant Underlying and will be influenced (positively or negatively) by it, any change may not be comparable and may be disproportionate. It is possible that while the Underlying is increasing in value, the value of the Notes may fall. Further, where no market value is available for an Underlying, the Calculation Agent may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event and/or no Potential Adjustment Events and/or no De-listing and/or no other disruption event which apply.

- (b) *Interest Rates.* Investments in the Notes may involve interest rate risk with respect to the currency of denomination of the Underlying and/or the Notes. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes.
- (c) *Volatility.* The term “volatility” refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macro economic factor, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will most likely have separate volatilities at any particular time.
- (d) *Exchange Rates.* Even where payments in respect of the Notes are not expressly linked to a rate or rates of exchange between currencies, the value of the Notes could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Notes is to be made and any currency in which the Underlyings are traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of the Notes will be representative of the relevant rates of exchange used in computing the value of the Notes at any time thereafter.
- (e) *Creditworthiness.* Any person who purchases the Notes is relying upon the creditworthiness of the Issuer and of RBS Holdings (pursuant to its declaration under Article 2:403 of The Netherlands Civil Code) and has no rights against any other person. The Notes constitute general, unsecured, contractual obligations of the Issuer and of no other person. The Notes rank *pari passu* among themselves. If either the Issuer or RBS Holdings becomes unable for any reason to fulfil its obligations then the Holder may suffer a total loss of principal.

3. ***There may not be a secondary market in the Notes***

Potential investors should be willing to hold the Notes through their life. The nature and extent of any secondary market in the Notes cannot be predicted. As a consequence any person intending to hold the Notes should consider liquidity in the Notes as a risk. If the Notes are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Notes were not so listed or quoted. However, if Notes are

not listed or quoted there may be a lack of transparency with regard to pricing information. Liquidity may also be affected by legal restrictions on offers for sale in certain jurisdictions. The Issuer may affect the liquidity of the Notes by purchasing and holding the Notes for its own account during trading in the secondary market. Any such Notes may be resold at any time into the market.

4. ***Purchasing the Notes as a hedge may not be effective***

Any person intending to use the Notes as a hedge instrument should recognise the correlation risk. The Notes may not be a perfect hedge to the Underlying or a portfolio of which the Underlying forms a part or the securities comprised in an Index. In addition, it may not be possible to liquidate the Notes at a level which directly reflects the prices or levels of the Underlying, the portfolio of which the Underlying forms a part of the Index (as the case may be).

5. ***Actions taken by the Issuer may affect the value of the Notes***

The Issuer and/or any of its affiliates may carry out activities that minimise its and/or their risks related to the Notes, including effecting transactions for their own account or for the account of their customers and hold long or short positions in the Underlying whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect of the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or value of the Underlying and/or the Notes and which could be deemed to be adverse in the interests of the Holders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Notes whether by effecting transactions in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the value of the Underlying.

The Issuer or one of its affiliates may be the sponsor or calculation agent in respect of (i) the Underlying or (ii) one or more of the components of the Underlying to which the Notes are linked. Under the rules of an Underlying (or component of any such Underlying), the role of sponsor or calculation agent provides the Issuer (or one of its affiliates) with discretions to make certain determinations and judgements which may influence the price or level of such Underlying (or component of such Underlying). Those discretions may be adverse to the interest of the holders of the Notes and may negatively impact the value of the Notes.

The Royal Bank of Scotland N.V. as the Issuer, Calculation Agent and Principal Agent is acting in more than one capacity with respect to the Notes and in its role as Calculation Agent could make determinations that influence the amount that Holders receive in respect of the Notes.

Potential conflicts of interest may exist between the interests of RBS N.V. and the Holders with respect to the Notes and with respect to the other businesses of RBS N.V. RBS N.V. or its respective Affiliates may enter into other business dealings from which they may derive revenues and profits in addition to the fees described herein, and none of those parties has any duty to account to the Holders for such other revenues and profits. In addition, RBS N.V. or its respective Affiliates may invest, for their own accounts (whether for hedging purposes or otherwise) or for the accounts of their Affiliates or clients, in the Underlying or their components and in making such investments, neither RBS N.V. nor any such Affiliate has any duty to do so in a way that is favourable to the Holders. At any time, RBS N.V. may sell or buy investments in the Underlying or their components for its own account, or the account of its Affiliates or clients. All of such market activities may, but are not intended to, affect the level or price of the Underlying and/or the level or price of any component and, possibly, the payments that Holders will receive in respect of their Notes. RBS N.V. may also introduce products that compete with the Notes in the marketplace (which may or may not be linked to or track the Underlying or components thereof), and the related market activity with respect to such products could adversely affect the value of the Notes. As used herein, “**Affiliate**” means any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein “**control**” means the ownership of a majority of the voting power of the entity and “**controlled by**” and “**controls**” shall be construed accordingly.

6. ***Holders have no ownership interest in the Underlying***

An investment in the Notes is not the same as an investment in the Underlying or an investment which is directly linked to the Underlying. If so specified in the applicable Final Terms, the calculation of the Underlying Performance may include dividends, otherwise investors will not benefit from such dividends. Further the price(s) or level(s) of the Underlying are subject to underlying fees and costs which will reduce the return on the Notes. The Notes themselves may be subject to a performance fee which will reduce the return on the Notes.

7. ***Actions taken by the Calculation Agent may affect the Underlying***

The Calculation Agent is the agent of the Issuer and not the agent of the Holders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting the Underlying. In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every corporate action.

8. ***Tax consequence of holding the Notes***

Potential investors in the Notes should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. For a summary of the principal tax consequences of the acquisition, holding, redemption and disposal of Notes please refer to section entitled “*Taxation*” in this Base Prospectus.

The level and basis of taxation on the Notes and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor's individual circumstances. The tax and regulatory characterisation of the Notes may change over the life of the Notes. This could have adverse consequences for investors.

9. ***Taxes may be payable by investors***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred. Holders are subject to the provisions of General Condition 12 and payment and/or delivery of any amount due in respect of the Notes will be conditional upon the payment of any expenses as provided in the Conditions.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

10. ***No tax gross-up***

If payments on the Notes are or become subject to a withholding or deduction required by law on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer will make the required withholding or deduction, as the case may be, and neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Holders in respect of such withholding or deduction. Please refer to section "*General Condition 12 - Taxation*".

11. ***The Notes may be terminated prior to their stated date***

If the Issuer determines that the performance of its obligations under the Notes has become unlawful in whole or in part for any reason or the Issuer determines that it is not reasonably practicable or it is otherwise undesirable, for it to maintain its hedging arrangement with respect to the Notes for any reason, the Issuer may at its discretion and without obligation terminate early the Notes. If the Issuer terminates early the Notes, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Note an amount determined by the Calculation Agent to be its fair market value less the cost to the Issuer of unwinding any underlying related hedging arrangements.

12. ***Risks associated with Notes held in global form***

The Notes will initially be held by or on behalf of, or through, one or more clearing Systems specified in the applicable Final Terms (each a "**Relevant Clearing System**"), either in the form of a global Note which will be exchangeable for definitive Notes only in the event of the closure of all Relevant Clearing Systems or in dematerialised form depending on the rules of the Relevant Clearing System. For as long as any Notes are held by or on behalf of a Relevant Clearing System, payments of principal, interest and any other amounts will be made through the Relevant Clearing System, where required, against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a temporary

global Note, certification as to non-U.S. beneficial ownership. The risk is that the bearer of the relevant global Note, typically a depositary for the Relevant Clearing System, or, in the case of Notes in dematerialised form, the Relevant Clearing System and not the Holder itself, shall be treated by the Issuer and any Agent (as defined in the Conditions) as the sole holder of the relevant Notes with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes or any securities deliverable in respect of the Notes. Holders therefore are required to look to the Relevant Clearing System in respect of payments made to it by the Issuer in respect of Notes in global or dematerialised form.

Notes which are held by or on behalf of a Relevant Clearing System will be transferable only in accordance with the rules and procedures for the time being of the Relevant Clearing System.

13. ***Risk associated with nominee arrangements***

Where a nominee service provider is used by an investor to hold Notes or such investor holds interests in any Note through accounts with a Relevant Clearing System, such investor will receive payments in respect of principal, interest, or any other amounts due, or securities deliverable, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or Relevant Clearing System, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or Relevant Clearing System to distribute all payments or securities attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or Relevant Clearing System, as well as the Issuer.

In addition, such a Holder will only be able to sell any Notes held by it prior to their stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuer or any Agent shall be responsible for the acts or omissions of any relevant nominee service provider or Relevant Clearing System nor makes any representation or warranty, express or implied, as to the service provided by any relevant nominee service provider or Relevant Clearing System.

14. ***The return on an investment in Notes will be affected by charges incurred by investors***

An investor's total return on an investment in any Notes will be affected by the level of fees charged by the nominee service provider and/or Relevant Clearing System used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts or delivery of securities. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Notes.

15. ***Change of law and jurisdiction***

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practice after the date of this Base Prospectus. Prospective investors in the Notes should note that the courts of England and Wales shall have jurisdiction in respect of

any disputes involving the Notes. Holders may, however, take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any court of competent jurisdiction. English law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

16. ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

17. ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

18. ***Modification, waivers and substitution***

The Issuer may decide to make modifications to the Notes without the consent of the Holders for the following purposes:

- (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest error or other defective provision; or
- (b) in any other manner which is not materially prejudicial to the interests of the Holders or
- (c) for the purpose of the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in General Condition 11.

Holders should be aware that such modifications may affect their interests.

19. ***Exchange rate risks and exchange controls***

The Issuer will make payments on the Notes in the settlement currency specified in the Final Terms (the “**Settlement Currency**”). This presents certain risks relating to currency conversions if an investor in the Notes’ financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Settlement Currency would decrease: (i) the Investor’s Currency-equivalent yield on the

Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. An investor in the Notes may receive, in the Investor's Currency, less principal than expected, or no principal.

20. ***Issuer and RBS Holdings credit risk***

The risk that the Issuer will be unable to pay amounts due under the Notes is known as credit risk. The Notes will constitute unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer (other than obligations preferred by mandatory provisions of law). Pursuant to a declaration under Article 2:403 of The Netherlands Civil Code, RBS Holdings is jointly and severally liable with the Issuer for all of the Issuer's liabilities. If you purchase Notes, you are relying on the creditworthiness of the Issuer and RBS Holdings and no other person. If either the Issuer or RBS Holdings becomes unable for any reason to fulfil its obligations then the Holder may suffer a total loss of principal.

The Notes represent general contractual obligations of the Issuer. The Notes will not be secured by any property of the Issuer and, with the exception of certain obligations given priority by applicable law, will rank equally with all other unsecured and unsubordinated obligations of the Issuer.

21. ***Risks associated with Substitution***

In the event that the Issuer is to be substituted as principal obligor under the Notes, any such substitution must comply with the requirements of the substitution clause in the terms and conditions of the Notes. Please refer to General Condition 11. Holders should be aware that as a result of a substitution (if any) the Notes will be subject to different risks in relation to the Substitute (as defined in the General Conditions) assuming the obligations of The Royal Bank of Scotland N.V. under the Notes. Such risks may include the credit risks of the Substitute, certain modifications being made to the terms and conditions of the Notes and other risks specific to the Substitute. Investors should note that following a substitution, Holders will no longer have any claim or recourse against The Royal Bank of Scotland N.V. In addition, Holders should be aware that the consent of the Holders will not be required if the Issuer elects to exercise its substitution right in accordance with General Condition 11. However, no assurance is given that any substitution will occur in respect of the Notes.

22. ***Holders may be exposed to interest rate risk***

Holders may have exposure to interest rate risk. To the extent that prevailing interest rates change, this could negatively affect the value of the Notes.

23. ***Risks in relation to the Final Redemption Amount and Early Redemption Amount of the Notes***

The terms of the Notes will provide that the Final Redemption Amount will be dependent upon the performance of the Underlying.

In the case of principal protected Notes, the Final Redemption Amount (but not any Early Redemption Amount) of each Note is subject to a minimum of its nominal amount (which may be less than the Issue Price). If the Issue Price of the Notes is higher than 100 per cent., investors risk losing part of their investment.

In the case of non-principal protected Notes, neither the Final Redemption Amount nor any Early Redemption Amount is 100 per cent. principal protected and, in the event that there is zero principal protection of the Notes, the Final Redemption Amount will be zero if the Underlying Performance is zero. Investors therefore risk losing all or part of their investment.

The Final Redemption Amount may be subject to caps(s) or floor(s).

In relation to the calculation of the Option Payoff, the level or price of the Underlying on a Valuation Date (excluding the first Valuation Date) specified in the applicable Final Terms as a Postponed Valuation Date, will be observed on a certain number of Scheduled Trading Days following such Valuation Date. This means that the Note has no exposure to the Underlying from and including the relevant Valuation Date to and excluding the Postponed Valuation Date, and if the level or price of the Underlying were to increase in value during that period, this positive performance will not be reflected in the Note. Similarly, if the level or price of the Underlying were to fall in value during that period, the Note will not reflect such decrease.

24. ***Emerging Market Risks***

Where the Notes relate to an Underlying which involve emerging market countries, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries. Hence the return on the Notes could be adversely affected.

25. ***Cancellation***

The Issuer reserves the right to cancel the issue of the Notes if (a) any circumstance occurs which, in the Issuer's opinion, may have a significant impact on the issue, or (b) the minimum Participation Rate is less than the indicative minimum Participation Rate specified in the applicable Final Terms, or (c) if the amount in respect of which offers are received is (or is determined by the Issuer or the relevant Distributor to be likely to be) less than the amount specified in the applicable Final Terms. In case of cancellation, the Issuer will repay the purchase price and any commission paid by any investor without interest.

26. ***Risks relating to the Sharpener I Strategy (QuampoTM SEK) (the "Strategy")***

If the Notes are linked to the Strategy, the following additional, specific risk factors will apply.

The following list of risk factors reflects the risk factors which the Issuer believes may be material in relation to the Strategy. Such list does not however purport to be a complete enumeration or explanation of all the risks associated with the Strategy. All persons should seek such advice as they consider necessary from their professional

advisors, legal, tax or otherwise, in connection with any investment in Notes linked to the Strategy.

An investment in Notes linked to the Strategy may not be a suitable investment for all investors.

Notes linked to the Strategy are complex financial instruments and such instruments may be purchased as a way for investors to incur particular market exposures or seek enhanced yield with an appropriate addition of risk to the investor's overall portfolio. Potential 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 the overall investment portfolio.

Each potential investor must determine the suitability of an investment in an instrument related to the Strategy in light of its own circumstances, in particular, each potential investor should:

- (i) have sufficient knowledge and experience to make an evaluation of an investment in an instrument related to the Strategy and the merits and risks of investing in an instrument related to the Strategy;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in an instrument related to the Strategy and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in an instrument related to the Strategy, including the risk of loss of such investment and any currency risk where the return, if any, on their investment is payable in one or more currencies, or where the currency for principal or premium or return, if any, on the investment is different from the potential investor's currency;
- (iv) understand the terms of the investment in an instrument related to the Strategy and be familiar with the behaviour of the Strategy, and the components thereof and financial markets generally; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks

Proprietary and Rules-Based Trading Strategy

The Strategy follows a notional, rules-based, proprietary trading strategy that operates on the basis of pre-determined rules. Accordingly, potential investors in Notes which are linked to the performance of the Strategy should determine whether the Strategy is appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the strategy on which the Strategy is based will be successful or that the Strategy will outperform any alternative strategy that might be employed.

No Recourse to Assets

The Strategy is purely synthetic. The exposure to the Strategy Underlying is purely notional and will exist only in the records held by the Strategy Sponsor. There are no assets 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 the Strategy. In particular no investor in Notes linked to the Strategy will have any rights in respect of any components of the Strategy Underlying.

Simulated Operating History

The Strategy will be first calculated on or around the Live Date and therefore lacks actual historical performance. The Strategy Calculation Agent and the Strategy Sponsor have retrospectively calculated the closing levels of the Strategy from 1 June 1999. However, because the Strategy will not be calculated before the Live Date, all such retrospective closing levels are simulated and must be considered hypothetical and illustrative only. Simulated data prior to the Live Date may be constructed using certain procedures that vary from the procedures used to calculate the Strategy following its establishment, and on the basis of certain assumptions that may not apply in the future. Although these assumptions are considered reasonable or necessary, the variations used in producing simulated historical data from those used to calculate the Strategy going forward could produce variations in returns of indeterminate direction and amount.

The actual performance of the Strategy may be materially different from the results presented in any Simulated Operating History relating to the Strategy. Past performance should not be considered indicative of future performance.

Future Strategy Performance

No assurance can be given that the strategies employed by the Strategy Calculation Agent and the/or the Strategy Sponsor will be successful or that the return on the Strategy will be as projected or estimated.

There can be no assurance that the Strategy will generate positive returns or outperform any benchmark strategy or alternative strategy.

Dynamic Participation and Leverage

The Strategy is calculated using a Dynamic Participation mechanism which means that the synthetic exposure to the Strategy Underlying may be as great as 130 per cent., and the use of the Dynamic Participation may therefore leverage returns of the Strategy. Leverage has the potential to magnify the gains or losses of the Strategy.

Volatility Strategy

Volatility is often used to quantify the risk of an underlying instrument or strategy over a given time period, so that a high volatility indicates a higher risk. The Strategy is calculated referencing the historical volatility of the Strategy Underlying (after the application of a currency conversion overlay) to determine the Dynamic Participation. The impact of any negative performance of the Strategy Underlying on the performance of the Strategy may be

reduced through the use of the Dynamic Participation. Conversely, the exposure to the positive performance of the Strategy Underlying may be reduced by the use of the Dynamic Participation which means that the performance of the Strategy may be lower than if the exposure was directly linked to the performance of the Strategy Underlying.

Termination of the Strategy

The Strategy Calculation Agent is under no obligation to continue the calculation, publication and dissemination of the Strategy. The Strategy may be terminated at any time by the Strategy Sponsor. Should the Strategy cease to exist, this will have a negative impact on the return on any investment in any Notes linked to the Strategy.

Amendment or Modification to the Rules

The methodology and rules relating to the Strategy may be amended, modified or adjusted from time to time by the Strategy Calculation Agent and/or the Strategy Sponsor, as applicable. Any such amendment may have an adverse effect on the Strategy value without the consent of or notice to investors in instruments linked to the Strategy.

Exchange Rate Risk

If there are extraordinary changes in the exchange rate between the Strategy Settlement Currency and currency of the Strategy Underlying (being U.S. dollars) the Strategy Sponsor may not be able to hedge its obligations under Strategy which may affect the Strategy calculation and dissemination and could potentially lead to the postponement or cessation of the Strategy.

The Strategy contains a currency conversion overlay that allows the Strategy Sponsor to develop the Strategy denomination in Swedish kronor from the Strategy Underlying denominated in U.S. dollars. Therefore, the Strategy is exposed to fluctuation in the exchange rate between the Swedish kronor and U.S. dollars and the Strategy value may be lower than it would be if the Strategy did not otherwise contain a currency conversion overlay.

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other facts: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments; political events; changes in balances of payments and trade; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. Fluctuations in the volatility of the foreign exchange market any have an adverse impact to the Strategy value and, therefore, the return on the Strategy.

Market Risks

The performance of the Strategy is dependent on the performance of the Strategy Underlying, which itself depends upon the performance of its components. As a consequence, investors in Notes linked to the Strategy, should appreciate that their investment is exposed to the performance of the components of the Strategy Underlying.

The Strategy Underlying is comprised of components that are linked to commodity markets. Prospective investors should understand that investments in instruments relating to commodity markets may be negatively affected by global economic, financial, natural and political events and developments, and that such events and developments, among other things, may have a material effect on the value of the Strategy Underlying and/or the performance of the Strategy.

Strategy Sponsor/Strategy Calculation Agent Discretion

The Strategy confers on the Strategy Calculation Agent and/or the Strategy 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 Strategy. The Strategy Sponsor shall determine in its sole and absolute discretion whether any such corrections shall apply retrospectively or from the relevant date forward.

Potential Conflicts of Interest

Potential conflicts of interest may exist in the structure and operation of the Strategy and the course of the normal business activities of the Strategy Calculation Agent and/or the Strategy Sponsor and any of their respective affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents.

During the course of their normal business, each person may enter into or promote, offer or sell transactions or investments (structured or otherwise) linked to the Strategy and/or any of the notional trading positions. In addition, any person may have, or may have had, interests or positions, or may buy, sell or otherwise trade positions in or relating to the Strategy or any of the notional trading positions, or may invest or engage in transactions with other entities, or on behalf of such entities relating to any of these items. Such activity may or may not have an impact on the Strategy value but all investors reading this document should be aware that a conflict of interest could arise where anyone is acting in more than one capacity, and such conflict may have an impact, positive or negative on the Strategy value. Neither the Strategy Calculation Agent nor the Strategy Sponsor nor any other person has any duty to consider the circumstances of any persons or entities when participating in such transactions or to conduct themselves in a manner that is favourable to anyone with exposure to the Strategy.

Costs and Fees

Prospective investors should be aware that the Strategy value will be reduced by the Strategy Management Fee and Strategy Trading Cost. The Strategy Management Fee represents the costs charged by the Strategy Sponsor to produce and maintain the Strategy. The Strategy Trading Cost represents the bid-offer costs incurred in changing the participation in the Strategy Underlying. Prospective investors should understand that such fees and costs may have a material effect on the final closing level of the Strategy Underlying and the Strategy. For the avoidance of doubt, such fees and costs are not passed on to investors as a payment but will be deducted from the Strategy value.

Changes to Strategy

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

Definitions

“Live Date” means the date on which the Strategy is first calculated, being 11 December 2009;

“Strategy Calculation Agent” means the person responsible for calculating the Strategy as amended, replaced or substituted, from time to time. The initial Strategy Calculation Agent is The Royal Bank of Scotland N.V., acting through its London Branch;

“Strategy Management Fee” represents the fee charged by the Strategy Sponsor to produce and maintain the Strategy. The Strategy Management Fee is deducted from the daily return on the Currency Converted Final Underlying adjusted by the Dynamic Participation, on a pro-rata daily basis at the rate of 0.50 per cent. per annum;

“Strategy Settlement Currency” means the currency in which the Strategy is denominated, being Swedish Kronor;

“Strategy Sponsor” means The Royal Bank of Scotland plc, located at 250 Bishopsgate, London, EC2M 4AA, or any successor thereto;

“Strategy Trading Cost” means a cost incurred by the Strategy Sponsor in linking this Strategy to the Currency Converted Final Underlying;

“Strategy Underlying” means the Sharpener I Base Strategy (USD).

CONFLICTS OF INTEREST

General

The Issuer and/or any of its affiliates may carry out activities that minimise its and/or their risks related to the Notes, including effecting transactions for their own account or for the account of their customers and hold long or short positions in the Underlying whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect of the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or value of the Underlying and/or the Notes and which could be deemed to be adverse in the interests of the Holders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Notes whether by effecting transactions in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the value of the Underlying.

The Issuer or one of its affiliates may be the sponsor or calculation agent in respect of (i) the Underlying or (ii) one or more of the components of the Underlying to which the Notes are linked. Under the rules of an Underlying (or component of any such Underlying), the role of sponsor or calculation agent provides the Issuer (or one of its affiliates) with discretions to make certain determinations and judgements which may influence the price or level of such Underlying (or component of such Underlying). Those discretions may be adverse to the interest of the holders of the Notes and may negatively impact the value of the Notes.

The Royal Bank of Scotland N.V. as the Issuer, Calculation Agent and Principal Agent is acting in more than one capacity with respect to the Notes and in its role as Calculation Agent could make determinations that influence the amount that Holders receive in respect of the Notes.

Potential conflicts of interest may exist between the interests of RBS N.V. and the Holders with respect to the Notes and with respect to the other businesses of RBS N.V. RBS N.V. or its respective Affiliates may enter into other business dealings from which they may derive revenues and profits in addition to the fees described herein, and none of those parties has any duty to account to the Holders for such other revenues and profits. In addition, RBS N.V. or its respective Affiliates may invest, for their own accounts (whether for hedging purposes or otherwise) or for the accounts of their Affiliates or clients, in the Underlying or their components and in making such investments, neither RBS N.V. nor any such Affiliate has any duty to do so in a way that is favourable to the Holders. At any time, RBS N.V. may sell or buy investments in the Underlying or their components for its own account, or the account of its Affiliates or clients. All of such market activities may, but are not intended to, affect the level or price of the Underlying and/or the level or price of any component and, possibly, the payments that Holders will receive in respect of their Notes. RBS N.V. may also introduce products that compete with the Notes in the marketplace (which may or may not

be linked to or track the Underlying or components thereof), and the related market activity with respect to such products could adversely affect the value of the Notes.

The Strategy

Potential conflicts of interest may exist in the structure and operation of the Strategy and the course of the normal business activities of the Strategy Calculation Agent and/or the Strategy Sponsor and any of their respective affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents.

During the course of their normal business, each person may enter into or promote, offer or sell transactions or investments (structured or otherwise) linked to the Strategy and/or any of the notional trading positions. In addition, any person may have, or may have had, interests or positions, or may buy, sell or otherwise trade positions in or relating to the Strategy or any of the notional trading positions, or may invest or engage in transactions with other entities, or on behalf of such entities relating to any of these items. Such activity may or may not have an impact on the Strategy value but all investors reading this document should be aware that a conflict of interest could arise where anyone is acting in more than one capacity, and such conflict may have an impact, positive or negative on the Strategy value. Neither the Strategy Calculation Agent nor the Strategy Sponsor nor any other person has any duty to consider the circumstances of any persons or entities when participating in such transactions or to conduct themselves in a manner that is favourable to anyone with exposure to the Strategy.

RESPONSIBILITY STATEMENT

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

A12.1.1

Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Post-Issuance information

The delivery of this Base Prospectus does not at any time imply that there has been no change in the affairs of the Issuer since the date of this Base Prospectus. The Issuer does not intend to provide any post-issuance information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Base Prospectus may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about the Issuer's beliefs and expectations. Any statement in this Base Prospectus that expresses or implies the Issuer's intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections, as they are currently available to the management of the Issuer. Forward-looking statements therefore speak only as of the date they are made, and the Issuer takes no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, without limitation, the conditions of the financial markets in Europe, the United States and elsewhere from which the Issuer derives a substantial portion of its trading revenues; potential defaults of borrowers or trading counterparties; the reliability of the Issuer's risk management policies, procedures and methods; and other risks referenced in the Issuer's filings with the US Securities and Exchange Commission and/or with the AFM. For more information on these and other factors, please refer to the Issuer's Annual Report on Form 20-F filed with the US Securities and Exchange Commission and/or the Registration Document filed with the AFM and to any subsequent reports furnished or filed by the Issuer with the US Securities and Exchange Commission and/or the AFM.

The forward-looking statements contained in this Base Prospectus are made as of the date hereof, and the Issuer assumes no obligation to update any of the forward-looking statements contained in this Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the AFM shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- a) the Issuer's registration document dated 1 July 2010 (the "**Registration Document**") prepared in accordance with Article 5(3) of the Prospectus Directive;
- b) the supplement to the Registration Document dated 1 September 2010;
- c) the publicly available consolidated financial statements of RBS Holdings in respect of the financial years ended 31 December 2009 (set out on pages 82 to 184 inclusive) and 31 December 2008 (set out on pages 99 to 217 inclusive) respectively and the auditor's reports for the respective years, as included in the annual report for those financial years;
- d) the unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. for the year ended 31 December 2009 as included in the press release announcing completion of the legal separation dated 1 April 2010;
- e) the Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus;
- f) the terms of reference of the Audit Committee as set out in the Rules Governing the Supervisory Board's Principles and Best Practices dated 29 April 2010; and
- g) the publicly available Interim Financial Report of RBS Holdings for the half year ended 30 June 2010, dated 31 August 2010.

The Registration Document and copies of all documents incorporated by reference as mentioned above, are accessible at <http://markets.rbs.com/bparchive> 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, email investor.relations@rbs.com or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

The Issuer will, in connection with the listing of the Notes on Euronext Amsterdam by NYSE Euronext, so long as any Note remains outstanding and listed on such exchange, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement of this Base Prospectus for use in connection with any subsequent issue of Notes to be listed on Euronext Amsterdam.

USE OF ISSUE PROCEEDS

The gross proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes.

TAXATION

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer, exercise or non-exercise of any Note should consult their professional tax advisers.

1 GENERAL

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue or purchase price of each Note.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty or other payment which may arise as a result of the ownership, transfer or exercise of any Notes.

The Purchasers should be aware that tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

2 EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

3 THE NETHERLANDS

The following paragraph, which is intended as a general guide only, is based on current law and practice in The Netherlands. It summarises certain aspects of taxation in The Netherlands only which may be applicable to the Notes but do not purport to be a comprehensive description of all tax considerations which may be of relevance.

All payments by the Issuer in respect of the Notes will be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by The

Netherlands or any political subdivision or taxing authority thereof or therein, unless such withholding is, in the future, required by law.

4 UNITED KINGDOM

The following applies only to persons who are beneficial owners of the Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers) to whom special rules apply. Prospective Holders of the Notes who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

Withholding Tax

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax if the Notes are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Income Tax Act 2007. The Euronext Amsterdam is a recognised stock exchange. The Notes will satisfy this requirement if they are (a) officially listed in Amsterdam in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Euronext Amsterdam, or (b) listed and admitted to trading on another "recognised stock exchange". Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer's London branch reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that H.M. Revenue & Customs ("HMRC") has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and the Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of the Notes, HMRC can issue a notice to the Issuer's London branch to pay interest to the Holder of the Notes without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

UK Information Gathering Powers

Holders of the Notes may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder of the Notes. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to (or receives such amounts for the benefit of) another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2010. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Notes is resident for tax purposes.

Stamp Taxes

Subject to what follows, no stamp duty, stamp duty reserve tax (“SDRT”) or other similar tax should be payable in the United Kingdom on the issue or transfer by delivery of any Note or on any transfer of a Note within Euroclear Finland, Euroclear Sweden, VPS or VP Securities provided any instrument of transfer is executed and retained outside the UK.

In relation to Notes in bearer form which are denominated in sterling and which are not loan capital, a charge to stamp duty at 1.5 per cent. of the value of such Note will arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Notes if issued outside the United Kingdom. However, in relation to such Notes originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Note a stamp duty liability at 1.5 per cent. of the value of such Note will arise.

For these purposes, a Note would be loan capital if the holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Note, either with or without any additional amount that may be payable on redemption. In addition, it is likely that HMRC would regard a Note as loan capital even if the Note is non-principal protected.

Stamp duty and stamp duty reserve tax may be payable on the transfer of an asset on physical settlement of the Note.

5 FINLAND

Payment of the redemption gain (if any) or interest on the Notes through a Finnish paying agent to individuals resident in Finland will be subject to an advance tax withheld by the Finnish Paying Agent at the rate of 28 per cent. Such advance tax withheld will be used for the payment of the individual’s final taxes.

Payment of the redemption gain (if any) or interest on the Notes through a Finnish paying agent to corporate entities resident in Finland will not be subject to any Finnish advance or withholding taxes.

6 SWEDEN

There is no Swedish withholding tax (*källskatt*) applicable on payments made by the Issuer in respect of the Notes. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Notes a preliminary tax of 30 per cent. will be deducted from all payments of interest in respect of the Notes made to any individuals or estates that are resident in Sweden for tax purposes. Depending on the relevant holder's overall tax liability for the relevant fiscal year the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

7 NORWAY

There is no Norwegian withholding tax applicable on payments made by the Issuer in respect of the Notes.

SELLING RESTRICTIONS

The statements which follow are of a general nature. Potential purchasers must ensure that they are able validly to take delivery of the Notes and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any clearance system at the time of exercise and/or settlement.

1 GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

2 PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Issuer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as contemplated by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts

- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

3 THE NETHERLANDS

Notes which qualify as savings certificates as defined in the Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of:

- (a) the initial issue of those Notes to the first holders thereof;
- (b) any transfer and delivery by individuals who do not act in the conduct of a profession or trade; and
- (c) the issue and trading of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

4 UNITED STATES OF AMERICA

No Notes of any Series have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act, as amended (the “**CEA**”). No Notes of any Series, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

Offers, sales, resales or deliveries of Notes of any Series, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. In addition, in the absence of relief from the CFTC, offers, sales, resales, trades or deliveries of Notes, or interests therein, directly or indirectly,

in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading.

Securities having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”). Notes having a maturity of one year or less are not subject to the C Rules and will be referred to in the relevant Final Terms as a transaction to which the C Rules are not applicable.

The Securities subject to the C Rules may not be offered, sold or delivered within the United States, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the “**Code**”) and the U.S. Treasury regulations thereunder.

The Issuer will require each dealer participating in the distribution of Notes subject to the C Rules to agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, the Notes in the United States or to others for offer, sale, resale or delivery, directly or indirectly, in the United States. Further, the Issuer and each dealer to which it sells the Notes will represent and agree that in connection with the original issuance of such Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States and will not otherwise involve its U.S. office in the offer or sale of such Notes. The terms used in the preceding sentence (and not otherwise defined below) have the meanings given to them by the Code and the U.S. Treasury regulations thereunder, including the C Rules.

As used herein, “**United States**” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and “**U.S. person**” means (i) an individual who is a citizen or resident of the United States; (ii) 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; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) 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; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) 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 CFTC’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. Person” as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act.

Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions

Each purchaser of Securities will, by its purchase of such Notes, be deemed to acknowledge, represent and agree as follows:

- (a) that trading in the Notes has not been and will not be approved by the CFTC under the CEA;

- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Notes of such Series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (c) that it is not purchasing any Notes of such Series for the account or benefit of any U.S. person;
- (d) that it will not make offers, sales, resales or deliveries of any Notes of such Series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (e) that it will send each person who purchases any Notes of such issue from it a written confirmation (which shall include the definitions of “**United States**” and “**U.S. person**” set forth herein) stating that the Notes have not been registered under the Securities Act, that trading in the Notes has not been approved by the CFTC under the CEA and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver any of such Notes, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (f) that no U.S. person or person in the United States may at any time trade or maintain a position in the instruments and that a person entitled to receive an interim payment or exercising (or entitled to receive any amount at maturity or exercise under) the instrument will be required to certify that neither it nor the beneficial owner of the instrument is a U.S. person or is located in the United States;
- (g) that any person exercising a Note will be required to represent that it is not a U.S. person; and
- (h) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Securities prior to 40 days after the closing of the offer of the relevant Securities, it will do so only (a) outside the United States in compliance with Rule 903 or 904 under the Securities Act and (b) in accordance with all applicable United States state securities laws; and it acknowledges that the Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (SECURITIES ACT) AND THE NOTES 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 NOTES 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 NOTES.

5 UNITED KINGDOM

The Issuer represents, warrants and agrees that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

PERFORMANCE OF UNDERLYING, EXPLANATIONS OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

Information as to the level, price or rate of the Underlying or the methodology, calculation and value of any Index is available on the website specified for the Underlying in the applicable Final Terms (*provided that* such website does not form part of this Base Prospectus or the terms and conditions of the Notes) and the level, price or rate of the Underlying is available under the Bloomberg Codes and Reuters RIC Codes (as applicable) specified in the applicable Final Terms.

Interest Amount

The Interest Amount (sometimes called the “coupon amount” in this Base Prospectus) payable in respect of the Notes on each Interest Payment Date is a function of the Option Payoff for the immediately preceding Valuation Date. In particular the Interest Amount for any Interest Payment Date is the product of (x) the Specified Denomination (y) the Lock-in Level; and (2) the Option Payoff for the relevant Valuation Date.

Final Redemption Amount

In the case of principal-protected (or non-principal protected) Notes, when the Notes mature on the Maturity Date, investors will receive an amount for each Note equal to the sum of (i) a specified percentage of the Specified Denomination (which, in the case of principal protected Notes, will be equal to or greater than 100 per cent. but may be less than the Issue Price and in the case of non-principal protected Notes, will be less than 100 per cent. but equal to or greater than zero, and may be less than the Issue Price) equal to the specified level of principal protection of the Notes and (ii) the Specified Denomination multiplied by the Return, subject to a minimum of zero.

The Final Redemption Amount can be subject to a cap or floor.

Return

The Return is a percentage calculated as the sum of (i) the Reserve (full details of which are provided below) on the Valuation Date immediately preceding the Final Valuation Date; and (ii) the product of (x) the Option Payoff (further details of which are provided below) as of the Final Valuation Date and (y) 100 per cent. minus the Lock-in Level. Upon the occurrence of certain events, the Lock-in Level may be revised to a different specified percentage.

Reserve

The “**Reserve**” is an amount which reflects that portion of the Option Payoff that has accrued but which has not been used to pay coupon amounts on the Notes.

Option Payoff

Each Series of Notes will be linked either to a single Index or a single Share (the “**Underlying**”) and the Final Terms will specify what the Underlying is. The Option Payoff, in each case, for each Valuation Date is calculated as follows:

1. First, the Performance is calculated. The “**Performance**” for any calculation period is calculated as the percentage (if any) by which the Final Level is higher than the Strike Level.

For this purpose, “**Final Level**” means the Underlying level or price on the relevant Valuation Date or, if Final Averaging is specified as applicable, the arithmetic average of the Underlying level or price recorded on each of the relevant Final Averaging Dates and “**Strike Level**” means the Underlying level or price on the immediately preceding Valuation Date or, if Strike Averaging applies, the arithmetic average of the Underlying level or price on the relevant Strike Averaging Dates (each, the “**Strike Level**”).

If “Look-Back” is applicable, the Strike Level or if “Look-Forward” is applicable, the Final Level, can be the highest or lowest level or price of the Underlying on the relevant observation dates during the relevant Look-Back or Look-Forward period.

The Performance may be subject to a cap or floor.

2. Secondly the Performance is multiplied by the specified participation rate for the relevant calculation period. The participation rate refers to the extent to which the Holder participates in the performance of the Underlying. The participation rate(s) will be initially determined in the light of market conditions on or before the Strike Date, and can be increased during the life of the Notes, as determined by the performance of the Underlying(s) during the previous calculation period(s), the Lock-in Level and a Divisor. The Divisor effectively represents the “price” of the option for the relevant calculation period. The Participation Rate(s) can be subject to a maximum level.
3. Thirdly, the resulting amount (the product of the Performance and specified participation rate) may be reduced by certain deductions made on account of performance fees (at the Performance Fee Rate specified in the Final Terms). The performance fees represent notional payments made to the Issuer in respect of the distribution and structuring of the Notes.

The Option Payoff for each calculation period will notionally be applied by the Issuer to pay the coupon amount for such calculation period, with the remainder being notionally applied to increase the participation rate for the next following Valuation Date (up to the specified maximum participation rate). To the extent that any portion of the Option Payoff is remaining after the notional payment of such coupon amounts and notional application towards increasing the participation rate to the maximum level for the next following Valuation Date, the surplus amount will form part of the Reserve.

If on any Valuation Date (excluding the final Valuation Date) the accumulated Reserve exceeds the amount specified to be the “Reserve Early Payment Target” then a Reserve Early Payment Event will occur. The consequences of a Reserve Early Payment Event are that (i) an additional interest amount will be payable on the Notes on the next following interest payment date; (ii) the Lock-in Level will be increased to a percentage specified in the applicable Final Terms for the purposes of all future Valuation Dates; and (iii) the level of the Reserve will be adjusted. A Reserve Early Payment Event may only occur once.

“**Maturity Date**” means the date specified in the applicable Final Terms.

“**Strike Date**” means the date specified in the applicable Final Terms.

“Valuation Dates” means the dates specified in the applicable Final Terms.

CLEARING ARRANGEMENTS

The following paragraph applies to Notes cleared through Euroclear Sweden:

Transfers of Notes may only be effected within Euroclear Sweden AB, the Swedish Central Securities Depository and Clearing Organisation, and will be effected in accordance with the rules and procedures of Euroclear Sweden AB and the Swedish Financial Instruments Accounts Act.

The following paragraphs apply to Notes cleared through Euroclear Finland:

The Finnish book entry securities system is centralised at Euroclear Finland, the Finnish Central Notes Depository Ltd. Euroclear Finland provides clearing and registration services for Notes in Finland.

In order to effect entries in the Euroclear Finland book entry system, a Holder or such Holder's nominee must establish a book entry account with Euroclear Finland. A book entry account may be established via a credit institution or a securities intermediary acting as an account operator for Euroclear Finland. All transactions in book entry securities are executed as computerised book entry transfers.

Transfers of Notes may only be effected within Euroclear Finland and will be effected in accordance with the rules and procedures of Euroclear Finland.

The following paragraph applies to Notes cleared through VPS:

Transfers of Notes may only be effected within VPS, and will be effected in accordance with the rules and procedures of VPS and the Norwegian Central Securities Depository Act.

The following paragraph applies to Notes cleared through VP Securities:

Settlement of sale and purchase transactions in respect of Notes cleared through VP Securities (“**VP Notes**”) will take place on a registration-against-payment basis three Copenhagen Business Days after the date of the relevant transaction. Transfers of interests in a VP Note will take place in accordance with the Danish Rules. Secondary market clearance and settlement through Euroclear is possible through depositary links established between VP Securities and Euroclear. Transfers of VP Securities held in VP Securities through Clearstream, Luxembourg are only possible by using an account holding institute linked to VP Securities.

MARKET MAKING ARRANGEMENTS

Unless otherwise specified in the applicable Final Terms, the Issuer has entered into a market making agreement with the relevant Distributor under which, so long as that agreement remains in force, the Distributor will provide indicative prices for Notes to investors or, upon request, a firm price for Notes, subject in each case to it having received such an indicative or, as the case may be, firm price from the Issuer. In the absence of receiving such a price, the Distributor may provide an indicative or firm price at its discretion.

GENERAL INFORMATION

Authorisation

The Issuer's managing board, in its capacity as the Issuer's representative, is responsible for issuing debt instruments. The Issuer's managing board has delegated the issue of debt instruments, including the Notes, to Group Asset and Liability Committee pursuant to a resolution dated 1 April 2010. In addition, the issue of the Notes has been approved by the Issuer's supervisory board pursuant to a resolution dated 1 April 2010 and in accordance with the Issuer's articles of association. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of the Notes.

Listing

Application will, where so specified in the Final Terms, be made to NYSE Euronext Amsterdam for Notes issued up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam by NYSE Euronext. Certain Notes issued under this Base Prospectus may not be listed. For so long as the Notes are listed on Euronext Amsterdam by NYSE Euronext and NYSE Euronext there will be a paying agent in The Netherlands. RBS N.V. has been appointed as the initial paying agent in The Netherlands.

Documents available

During the validity of this Base Prospectus, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer and from the specified office of the Principal Agent:

- (a) the most recent Articles of Association of the Issuer;
- (b) the consolidated audited financial statements of RBS Holdings in respect of the financial years ended 31 December 2008 and 31 December 2009 together with the audit reports thereon;
- (c) all future consolidated financial statements of the Issuer;
- (d) the Registration Document;
- (e) this Base Prospectus; and
- (f) the applicable Final Terms.

The Registration Document, copies of all documents incorporated by reference and other documents as mentioned above, are accessible at <http://markets.rbs.com/bparchive> 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, email investor.relations@rbs.com or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

Notices

Notices with regard to the Notes will, so long as any Notes are listed on Euronext Amsterdam by NYSE Euronext and NYSE Euronext so requires, be published in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*) and/or in one daily newspaper of wide circulation in The Netherlands (which is expected to be *Het Financieele Dagblad* or *De Telegraaf*). Notices will also be published in accordance with the rules of any other exchange on which the Notes are listed and any Relevant Clearing System where applicable. If the Notes are cleared through Euroclear or Clearstream, Luxembourg, all notices to the Holders will be delivered to Euroclear or Clearstream, Luxembourg. Any such announcement issued to Euroclear or Clearstream shall be deemed to be effective on the day following its delivery to the clearing agent (and, if delivered to more than one clearing agent, on the date first delivered to a clearing agent).

If the Notes are cleared through Euroclear Finland, Euroclear Sweden, VPS or VP Securities, notices to Holders shall be sent to their registered address appearing on the register maintained by or on behalf of Euroclear Finland, Euroclear Sweden, VPS or VP Securities or as otherwise determined by applicable procedures of Euroclear Finland, Euroclear Sweden, VPS or VP Securities or law.

Clearing and settlement systems

The Notes will be in bearer global form or registered dematerialised form and in the denomination specified in the Final Terms.

Auditors

The consolidated financial statements for each of the years ended 31 December 2009 and 2008 have been audited by Deloitte Accountants B.V. who are independent auditors.

Information on the Offering of the Notes

The subscription period in relation to the offer of the Notes shall be as specified in the Final Terms. The Notes will be issued on the date specified in the Final Terms or any other date as the Issuer in its sole and absolute discretion may decide. The Issuer reserves the right to cancel the issue of Notes should the total amount subscribed for on the Issue Date be less than the Minimum Issue Size. As the Notes are being issued in dematerialised form, all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions. Other than the Issue Price of the Notes, each prospective investor in the Notes shall not be required to pay any expenses to the Issuer in order to purchase the Notes.

Offer process

Purchases can be made by submitting an application form provided by or on behalf of the relevant Distributor to such Distributor, at the address specified in the applicable Final Terms, or otherwise as instructed by the Distributor. Applicants will be notified directly by the relevant Distributor of

the success of their application. Dealings may begin before such notification is made. Applications must be made for such minimum nominal amount specified in the applicable Final Terms.

Payments for the Notes shall be made to the relevant Distributor by wire transfer not later than the date specified in the applicable Final Terms or by internet payment upon the submission of the application form, as instructed by such Distributor. The Issuer estimates that the Notes would be delivered to the purchasers' respective book entry Notes accounts on or around the date specified in the applicable Final Terms.

The relevant Distributor may charge a commission, payable by the purchaser, of no greater than the percentage of the purchase price of the Notes purchased specified in the applicable Final Terms. In addition, the Issuer may pay a commission to the Distributor.

Management fees may be applicable on the underlying Strategy or Index if so specified in the applicable Final Terms. If management fees are applicable on an underlying Strategy or Index, the amount or range of those fees will be disclosed in the Final Terms.

Right to cancel

The Issuer reserves the right to cancel the issue and/or offer of the Notes for whatever reason including (without limitation) if:

- (a) any circumstance occurs which, in the Issuer's opinion, may have a significant impact on the issue and/or offer; or
- (b) the Participation would be less than the minimum Participation specified in the applicable Final Terms; or
- (c) the nominal amount in respect of which offers are received is (or is determined by the Issuer or the relevant Distributor to be likely to be) less than the amount specified in the applicable Final Terms.

The offers will be subject to the above provisions. In case of cancellation, the Issuer (or such other offeror specified in the applicable Final Terms) will repay the purchase price and any commission paid by any purchaser without interest.

Liability of the offer

Where the Issuer is not the offeror, any offers by such other offeror specified in the applicable Final Terms, will be made in its own name and not as an agent of the Issuer. Only the offeror of Notes will be liable for the relevant offer in the Offering Jurisdiction. The Issuer accepts no liability for the offer or sale by any other offeror of Notes to purchasers in the Offering Jurisdiction.

Supplements

If the Issuer publishes a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive (other than a supplement which does not relate to the Notes), investors who have already agreed to purchase Notes before the supplement is published shall have the right to withdraw their acceptances by informing the relevant Distributor in writing thereof within 2 working days (or such

other longer period as may mandatorily apply in the relevant country) of publication of the supplement.

The Conditions of the Notes and the terms on which they are offered and issued will be subject to the provisions of any such supplement.

Minimum Issue Size

The minimum issue size will be as specified in the Final Terms.

Information on the Notes

Information about the past and future performance of the relevant Underlying and its volatility can be obtained from the website or other source specified in the Final Terms.

Paying Agent

The Paying Agent is The Royal Bank of Scotland N.V., acting through its London Branch at 250 Bishopsgate, London, EC2M 4AA.

Calculation Agent

The Calculation Agent is The Royal Bank of Scotland N.V., acting through its London Branch at 250 Bishopsgate, London, EC2M 4AA.

Categories of Investors to which Notes are Offered

The Notes may be offered to both retail and qualified investors.

Expenses and Taxes

Except as expressly provided for in the General Conditions, the Product Conditions or the applicable Final Terms and except for any commissions specified in the applicable Final Terms, no expenses will be specifically charged to any subscriber or purchaser of the Notes from the Issuer or a Distributer. For further information on the taxes, please refer to the section titled “*Taxation*” in this Base Prospectus.

SELECTED STRATEGY DESCRIPTION

The following strategy description relates to a strategy composed by The Royal Bank of Scotland plc. The Underlying in respect of the Notes may consist of the following strategy.

Where the Underlying in respect of the Notes does not relate to the following strategy, the Issuer will provide a description of the Underlying or specify where information about the Underlying can be obtained in the relevant Final Terms.

Sharpener I Strategy (Quampo™ SEK) (the “Strategy”)

The Strategy is calculated by RBS N.V., acting through its London Branch, or its successor based on a methodology (the “**Strategy Rules**”) (which, for the avoidance of doubt, do not form part of this Strategy description) developed by The Royal Bank of Scotland plc (the “**Strategy Sponsor**”).

The Strategy aims to track a notional strategy after the deduction of a management fee and trading costs and the application of a risk-stabilisation and currency conversion overlay to the Strategy Underlying (as defined below). The management fee represents the costs charged by the Strategy Sponsor to produce and maintain the Strategy and the trading costs represents the costs incurred by the Strategy Sponsor in linking the Strategy to the Currency Converted Final Underlying (as defined below) and which are derived from the bid-offer spread notionally payable to change the dynamically adjusted exposure to the Currency Converted Final Underlying. The management fee and the trading costs will reduce the level of the Strategy.

The “Strategy Underlying” is a published index, the Sharpener I Base Strategy (USD), which is sponsored by The Royal Bank Scotland plc (Bloomberg page: RBSBSHBU1 Index).

The currency conversion overlay involves the application of the Quampo™ technology. Quampo™ is a dynamic technology created by the Strategy Sponsor for dealing with currency risk exposures. Quampo™ implements an algorithm that converts the Strategy Underlying’s original currency to another desired currency. As a result of applying this technology, only the change in value of an underlying asset is exposed to currency risk, instead of the full notional value as would be the case otherwise. In this Strategy, the technology allows the Strategy Sponsor to create a Strategy denominated in Swedish kronor from the Strategy Underlying which is denominated in U.S. dollars.

The purpose of the risk-stabilisation overlay is to dynamically adjust exposure to the Strategy Underlying after the application of the currency conversion overlay (the “**Currency Converted Final Underlying**”).

The “Maximum Realised Volatility” is calculated as the maximum Realised Volatility (as defined below) observed over 5 consecutive calculation dates which are used as reference observation dates. The “Realised Volatility” herein is specifically a measure of how much the daily returns of the Currency Converted Final Underlying have fluctuated around their average in the past over a defined time period. The time period is taken to be twenty (20) days and the average is calculated as the arithmetic mean.

Exposure to the Currency Converted Final Underlying is reduced if the Maximum Realised Volatility of the Currency Converted Final Underlying increases to certain levels. Conversely, exposure to the Currency Converted Final Underlying is increased if the Maximum Realised Volatility of the Currency Converted Final Underlying decreases to certain levels. The dynamically adjusted exposure (“**Dynamic Participation**”) provides for the Strategy to have exposure to the Currency Converted Final Underlying within a range from a minimum of 0 per cent. to a maximum of 130.00 per cent. The Dynamic Participation is thus determined according to the range that the Maximum Realised Volatility falls within. The Strategy aims to realise a volatility of less than 9.0 per cent. annualised.

Information about the past and the future performance of the Strategy and its volatility can be obtained from Bloomberg code: RBSSHPK1 Index.

A copy of the Strategy Rules relating to the Strategy will be available for review from the beginning of the relevant Offer Period (if any) to the Maturity Date upon request at the offices of the Strategy Sponsor at The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA. Investors should note that this description of the Strategy Rules is subject to the detailed provisions of the Strategy Rules.

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

Strategy Sponsor: The Royal Bank of Scotland plc

Disclaimer:

Although the Strategy Sponsor will obtain information for inclusion in or for use in the calculation of the Strategy from sources which the Strategy Sponsor considers reliable, the Strategy Sponsor will not independently verify such information and does not guarantee the accuracy and/or the completeness of the Strategy or any data included therein. The Strategy Sponsor is under no obligation to advise any person of any error in the Strategy.

The Strategy Sponsor makes no express or implied representations or warranties concerning (i) whether or not the Strategy may achieve any particular level or meet or correlate with any particular objective or (ii) the fitness for any purpose of the Strategy or this description.

The Strategy Sponsor accepts no legal liability to any person in connection with (i) this description and (ii) its publication and dissemination of the Strategy.

Nothing in this description will:

- (i) exclude or restrict any obligation the Strategy Sponsor may have to any recipient of this description, nor any liability the Strategy Sponsor may incur to any such recipient, under the Financial Services and Markets Act 2000, or the regulatory regime thereunder; or
- (ii) exclude or restrict, to an extent prohibited by law, any duty or liability the Strategy Sponsor may have to any recipient of this description.

The Royal Bank of Scotland plc owns intellectual property rights in the Strategy. Any use of any such intellectual property rights must be with the consent of The Royal Bank of Scotland plc.

GENERAL CONDITIONS

The General Conditions which follow relate to the Notes and must be read in conjunction with, and are subject to, the Product Conditions, the relevant Asset Conditions and the Final Terms. The Final Terms, the Product Conditions, the relevant Asset Conditions and the General Conditions together constitute the Conditions of the Notes and will be printed on any Definitive Notes or attached to any Global Note representing the Notes.

1 DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions, the Asset Conditions or the applicable Final Terms and, if not so defined, shall be inapplicable. References in these General Conditions to interest and coupons (and related expressions) shall be ignored in the case of Notes which do not bear interest. References in these General Conditions to the Conditions shall mean these General Conditions and, in relation to any Notes, the Product Conditions and Asset Conditions applicable to those Notes.

“**Affiliate**” means any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein “**control**” means the ownership of a majority of the voting power of the entity and “**controlled by**” and “**controls**” shall be construed accordingly. Notwithstanding the foregoing, the term “Affiliate” shall not include, in the context of the Issuer, (i) the UK government or any member or instrumentality thereof, including Her Majesty’s Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any member or instrumentally thereof (including Her Majesty’s Treasury and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiary or subsidiary undertakings (including RBS N.V. and each of its subsidiary or subsidiary undertakings).;

“**Business Day**” means, unless specified otherwise 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;

“**Clearing Agent**” means Euroclear, Clearstream, Luxembourg, Euroclear Finland, Euroclear Sweden, VPS or VP Securities (as specified 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 5 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Coupon**” means, if the Notes are interest bearing, an interest coupon attached to each Note (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Early Redemption Amount**” means, unless specified to the contrary in the applicable Final Terms, in respect of each Note, an amount calculated by the Calculation Agent as the fair market value of such Note immediately prior to the termination of the Notes less the cost to the Issuer of unwinding any related hedging arrangement;

“Euroclear Finland” means Euroclear Finland Oy. its address being Urho Kekkosen katu 5C, 00101 Helsinki, Finland or its successors or assignees;

“Euroclear Sweden” means Euroclear Sweden AB, its address being Box 7822, SE 03-97, Stockholm, Sweden, or its successors or assignees;

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

“Holder” means a person (other than a Clearing Agent) in whose name a Note is registered in the book entry settlement system of the Clearing Agent or any other person recognised as a holder of Notes pursuant to the Rules and accordingly, where Notes are held through a registered nominee, the nominee shall be deemed to be the Holder;

“Interest Amount” had the meaning given to that expression in the relevant Product Conditions;

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

“Issuer” means The Royal Bank of Scotland N.V., incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being applicable in the applicable Final Terms, the termination of the Notes by the Issuer in accordance with General Condition 7.2;

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being applicable in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being applicable in the applicable Final Terms, the date specified as such in the applicable Final Terms;

“Issuer Call Date” means, if the “Issuer Call” is specified as being applicable in the applicable Final Terms, each date specified as such in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with General Condition 7.2, subject to the provisions relating to Non-Business Days, Disrupted Days, Market Disruption Events and other adjustments set out in the relevant Asset Conditions;

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being applicable in the applicable Final Terms, the period specified as such in the applicable Final Terms;

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

“Nominal Amount” means the amount specified as such in the applicable Final Terms;

“**Notes**” means each series of Notes as detailed in the applicable Final Terms. The Notes are primary payment obligations of The Royal Bank of Scotland N.V. The International Securities Identification Number will be set out in the applicable Final Terms;

“**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 (TARGET2) System is open;

“**Rules**” means any legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time;

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

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

“**VPS**” means the Verdipapirsentralen ASA its address being Biskop Gunnerus’ Gate 14 A, Postboks 4, 0051 Oslo Norway or its successors or assignees; and

“**VP Securities**” means VP Securities A/S its address being Weidekampsgade 14, P.O.Box 4040, DK – 2300, Copenhagen S, Denmark or its successors or assignees.

2 STATUS

The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

3 FORM

3.1 Where the Clearing Agent is Euroclear or Clearstream, Luxembourg, the Notes will be issued in global bearer form and held on behalf of Euroclear or Clearstream, Luxembourg. Each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes shall be treated by the Issuer and any Agent as the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal and interest on such nominal amount of Notes, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant global note in accordance with and subject to its terms. Notes represented by a global note will be transferable only in accordance with the Rules. Title to the Notes will pass by delivery.

3.2 So long as Euroclear Finland is the Clearing Agent in respect of the Notes the following specific provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as may be acceptable under the Finnish legislation, rules and regulations applicable to and/or issued by Euroclear Finland that are in force and effect from time to time (the “**Euroclear Finland Rules**”), in the sole opinion of Euroclear Finland:

- (i) Title to the Notes will pass by transfer from a Holder's book entry account to another book entry account within Euroclear Finland (except where the Notes are nominee-registered and are transferred from one account to another account with the same nominee) perfected in accordance with the Euroclear Finland Rules.
- (ii) The Notes will be issued in dematerialised form and will be registered in the book entry system of Euroclear Finland. No physical notes, such as global temporary or permanent notes or definitive notes, will be issued in respect of the Notes. No certificates in respect of Notes will be issued and provisions relating to presentation, surrendering or replacement of Notes in the Conditions shall not apply. Claims against the Issuer will be prescribed and become void unless made against the Issuer within the relevant time period set out in General Condition 9(c).
- (iii) Payments in respect of the Notes will be effected in the Settlement Currency in accordance with the Euroclear Finland Rules. The record date for payment is the first Helsinki Business Day before the due date for payment. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date for payment not being a first Helsinki Business Day.

"Helsinki Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Helsinki.
- (iv) All Notes will be registered in the book entry system of Euroclear Finland.
- (v) The Issuer shall be entitled to obtain from Euroclear Finland extracts from the book entry registers of Euroclear Finland relating to the Notes.

3.3 So long as Euroclear Sweden is the Clearing Agent in respect of the Notes the following specific provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as may be acceptable under the Euroclear Sweden Rules, in the sole opinion of Euroclear Sweden:

- (i) Title to the Notes will pass by transfer between accountholders at Euroclear Sweden perfected in accordance with the legislation (including the Swedish Financial Instruments Accounts Act (SFS 1998:1479)), rules and regulations applicable to and/or issued by Euroclear Sweden that are in force and effect from time to time (the **"Euroclear Sweden Rules"**).
- (ii) The Notes will be issued in dematerialised form and will be registered in the book entry system of Euroclear Sweden. No physical notes, such as global temporary or permanent notes or definitive notes, will be issued in respect of the Notes. No certificates in respect of Notes will be issued and provisions relating to presentation, surrendering or replacement of Notes in the Conditions shall not apply. Claims against the Issuer will be prescribed and become void unless made against the Issuer within the relevant time period set out in General Condition 9(c).
- (iii) Payments in respect of the Notes will be effected in the Settlement Currency in accordance with the Euroclear Sweden Rules. The record date for payment is the fifth

Stockholm Business Day before the due date for payment. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date for payment not being a Stockholm Business Day.

“**Stockholm Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Stockholm.

- (iv) All Notes will be registered in the book entry system of Euroclear Sweden.
- (v) The Issuer shall be entitled to obtain from Euroclear Sweden extracts from the book entry registers of Euroclear Sweden (Sw. Skuldbok) relating to the Notes purposes of performing its obligations under Notes.

So long as any of the Notes are outstanding, the Issuer will maintain an issuing agent duly authorised as such under the Euroclear Sweden Rules.

- 3.4 So long as the Notes are registered in VPS the following specific provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as may be acceptable under the VPS Rules, in the sole opinion of VPS:

- (i) Title to the Notes will pass by transfer between accountholders at VPS perfected in accordance with the legislation, rules and regulations applicable to and/or issued by VPS that are in force and effect from time to time (the “**VPS Rules**”). No such transfer may take place during the five Oslo Business Days immediately preceding the Maturity Date or on the Maturity Date.

“**Oslo Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Oslo.

- (ii) The Notes will be issued in dematerialised form and will be registered in the book entry system of VPS. No physical notes, such as global temporary or permanent notes or definitive notes, will be issued in respect of the Notes. No Certificates in respect of Notes will be issued and provisions relating to presentation, surrendering or replacement of Certificates in the Conditions shall not apply. Claims against the Issuer will be prescribed and become void unless made against the Issuer within the relevant time period set out in General Condition 9(c).
- (iii) Payments in respect of the Notes will be effected in the Settlement Currency in accordance with the VPS Rules. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date for payment not being an Oslo Banking Day. Unless otherwise specified in the applicable Final Terms the record date for payment is the 5th Oslo Business Day before the due date for payment.
- (iv) All Notes will be registered in the book entry system of VPS.

- (v) The Holders accept and consent to the Issuer being entitled to obtain from VPS extracts from the book entry registers of VPS relating to the Notes.
- (vi) In the case of a meeting of Holders, the Issuer may prescribe such further provisions in relation to the holding of meetings as it may determine to be appropriate in order to take account of the Rules.

3.5 So long as the Notes are registered in VP Securities the following specific provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as is acceptable under the Danish Rules in the sole opinion of VP Securities:

- (i) The Notes will be issued in dematerialised form and will be registered in the book entry system of VP Securities. Pursuant to the issuance of the Notes, the Issuer will certify that the Account Holding Institute (in Danish: *Kontoførende institut*): Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm, Sweden acting through its division, SEB, Merchant Banking, Custody Services, Copenhagen Branch, Denmark (the “**Account Holding Institute**”), on the date of issue of a Series of Notes, entered in the VP Securities as the account holding institute (*kontoførende institut*) for the duly registered owners of Notes of such Series.
- (ii) “**Copenhagen Business Day**” is a day where the Account Holding Institute and VP Securities are open for business in accordance with the Danish Securities Trading etc. Act as amended from time to time (the “**Securities Trading Act**”), Danish Executive Order on Book Entry etc. of Investment Securities with a Central Securities Depository, as amended from time to time and VP Notes’ rules and regulations as in force from time to time (together, the “**Danish Rules**”).
- (iii) Title to the Notes will pass by transfer between accountholders of VP Securities, perfected in accordance with the legislation (including the Danish Rules).
- (iv) The relationship between the Account Holding Institute as the account holding institute and VP Securities will be governed by the provisions of the Danish Rules. A Note may only be controlled by an account holding institute acting in such capacity on behalf of Holders for the time being registered with such account holding institute.
- (v) Settlement of sale and purchase transactions in respect of the Notes in VP Securities will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant Notes will take place in accordance with the Danish Rules. No such transfer may take place during the five Copenhagen Business Days immediately preceding the Maturity Date or on the Maturity Date.
- (vi) The person evidenced (including any nominee) as a holder of the Notes shall be treated as the holder of such Notes for the purposes of payment of principal or interest on such Notes. The expressions “**Holder**” and related expressions shall, in each case, be construed accordingly.
- (vii) Payments in respect of the Notes will be effected in the Settlement Currency in accordance with the Danish Rules. Payments of principal and/or interest in respect of

the Notes shall be available to the Holders as appearing registered in the register kept by VP Securities as such on the due date for such payment in accordance with the Danish Rules if such day is a Copenhagen Business Day, or if such due date is not a Copenhagen Business Day, on such day as follows from the Danish Rules. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a Copenhagen Business Day,

- (viii) The Holders accept and consent to the Issuer being entitled to obtain from VP Securities extracts from the book entry registers of VP Securities relating to the Notes.
- (ix) In the case of a meeting of Holders, the Issuer may prescribe such further provisions in relation to the holding of meetings as it may determine to be appropriate in order to take account of the Danish Rules.
- (x) Notices: Notices to Holders shall be sent in accordance with the applicable procedures of VP Securities and the Danish Rules.

4 EARLY TERMINATION

The Issuer shall have the right to terminate the Notes if it shall have determined in its absolute discretion that its performance thereunder or any related hedging arrangements shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (“**Applicable Law**”). In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Note held by such Holder the Early Redemption Amount. For the purposes of calculating the Early Redemption Amount, the illegality shall be ignored. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 5.

5 NOTICES

- (a) Validity. Announcements to Holders will be valid if delivered by the Issuer to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such announcement to the Holders.
- (b) Delivery. Any such announcement issued pursuant to General Condition 5(a) shall be deemed to be effective on the day following its delivery to the Clearing Agent (and if delivered to more than one Clearing Agent on the day following the date first delivered to a Clearing Agent).

6 ISSUER EVENTS OF DEFAULT

If any of the following events occurs and is continuing:

- (a) default is made for more than 30 days in the payment of any amounts due under the Notes; or

- (b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under Chapter 3.5.5 of the Financial Supervision Act of The Netherlands; or
- (d) an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes;

then any Notes may, by written notice addressed by the relevant Holder to the Issuer and delivered to the Issuer or to the specified office of the Principal Agent be declared immediately due and payable, whereupon it shall become immediately due and payable at the Early Redemption Amount without further action or formality.

7 RIGHTS AND PROCEDURES

7.1 Redemption and Cancellation

Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Note will be redeemed by the Issuer, in respect of each Nominal Amount, at the Final Redemption Amount, such redemption to occur on the Maturity Date.

7.2 Issuer Call

If “Issuer Call” is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Notes in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the Notes, 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 5 and shall specify the Issuer Call Date.

7.3 Method of Payment

Subject as provided below, where the Final Redemption Amount, the Early Redemption Amount, any Issuer Call Amount, any Interest Amount or any other amount payable in connection with the Notes 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 (which in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident 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 the Final Redemption Amount, the Early Redemption Amount, any Issuer Call Cash Amount, any Interest Amount or any other amount payable in connection with the Notes is in euro, such payment 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. All payments will be subject to applicable fiscal and legal requirements applicable thereto.

7.4 Presentation and Surrender

The Issuer shall record payment of the Final Redemption Amount, the Early Redemption Amount, any Issuer Call Cash Amount, each (if any) Interest Amount and any other amount in connection with the Notes made to the relevant Agent (as defined below) and such record shall be prima facie evidence that the payment in question has been made.

7.5 Payment Day

If the date for payment of any amount in respect of the Notes 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.

7.6 General

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Final Redemption Amount, the Early Redemption Amount, the Issuer Call Cash Amount, any Interest Amount or any other amount paid in connection with the Notes. The purchase of Notes does not confer on any Holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attached to the Underlying(s).

7.7 Settlement Risk

Settlement of the Notes is subject to all Applicable Laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent 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 Notes.

7.8 Issue Price

The issue price of the Notes (the “**Issue Price**”) will be as set out in the Final Terms. The Issuer or any Affiliate may at any time purchase Notes in the open market or otherwise and at any price.

7.9 Unsold Notes

Any Notes issued but not settled by the date specified in the Final Terms (and therefore held by the Issuer) may (at the sole and absolute discretion of the Issuer) be redeemed and cancelled.

8 DISRUPTION PROVISIONS

The provisions in relation to disruption events shall be as specified in the relevant Asset Conditions.

9 PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any Affiliate may purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held, surrendered for cancellation or reissued or resold, and Notes so reissued or resold shall for all purposes be deemed to form part of the original series of Notes.
- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Holders or any of them to create and issue further Notes so as to be consolidated with and form a single series with the Notes.
- (c) Prescription. Any Note or Coupon which is capable of presentation and is not so presented by its due date for presentation shall be void, and its value reduced to zero, if not so presented within five years of such due date. For the avoidance of doubt, any Notes which are subject to provisions relating to their exercise shall be void, and their value shall be zero, if not exercised in accordance with their provisions.

10 DETERMINATIONS AND MODIFICATIONS

- (a) Determinations.
 - (i) In making any determinations and calculations under these Conditions, the Issuer and the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner. All such determinations and calculations by the Issuer and the Calculation Agent shall, in the absence of manifest error, be final and binding.
 - (ii) Whilst it is intended that the Issuer and the Calculation Agent will employ the methodology described in the Conditions to make determinations in respect of the Notes, no assurance can be given that market, regulatory, judicial or fiscal circumstances or, without limitation, any other circumstances will not arise that would necessitate a modification or change in such methodology in order that the Notes replicate as closely as possible investments in the assets underlying the Notes and its components. The Issuer and the Calculation Agent may make any such modification or change to such methodology that it considers necessary to reflect such circumstances.
 - (iii) Calculations made by the Issuer or the Calculation Agent in respect of the Notes shall be made on the days specified herein; however, notwithstanding the foregoing or anything else contained in these Conditions, should the Issuer or the Calculation Agent determine that in order to give effect to the methodology described in these Conditions it is necessary to make calculations on a day or days other than that specified, then each of the Issuer and the Calculation Agent is permitted to make such calculations on such calendar day or days as it shall determine.
 - (iv) Due to timing considerations, process requirements and other matters that would, in the opinion of the Issuer or the Calculation Agent, be relevant in relation to the implementation of asset allocation models, the Issuer or the Calculation Agent may need to make appropriate adjustments to the methodology set out in the terms and conditions as it considers necessary in order to reflect the timing and amounts that

would be applicable were the Issuer or the Calculation Agent physically implementing the methodology set out in the Notes.

- (b) Modifications. The Issuer may, without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders[, provided that such modifications are in accordance with the Rules as determined by the relevant Clearing Agent in its sole and absolute discretion]. Notice of any such modification will be given to the Holders in accordance with General Condition 5 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

11 SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time without the consent of the Holders substitute for itself as issuer of the Notes with regard to any and all rights, obligations and liabilities under and in connection with the Notes:

- (A) The Royal Bank of Scotland plc, registered in Scotland under No. SCO90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB, (“**RBS plc**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 5; or

- (B) any entity other than RBS plc (also, the “**Substitute**”), subject to:

either (x):

- (i) the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 5; and
 - (ii) the Issuer or RBS plc having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Notes for the benefit of each and any of the Holders;

or (y):

- (i) the Issuer having given at least three months’ prior notice of the date of such substitution to the Holders in accordance with General Condition 5; and
 - (ii) each Holder, from (and including) the date of such notice, to (and including) the date of such substitution, being entitled to terminate the Notes held by such Holder without any notice period in which event the Issuer will, if and to the extent permitted by Applicable Law, pay to such Holder with respect to each Note held by such Holder the Early Redemption Amount. Where the Notes contain provisions which provide for a minimum assured return of principal or a minimum assured return of interest or other payments, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, howsoever expressed, on a relevant Interest Payment Date (if applicable) any such amount to be paid shall not be

less than the present value of the minimum assured return of principal and/or interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, such present value being determined by the Calculation Agent. Payment will be made to the Holder in such manner as shall be notified to the Holders in accordance with General Condition 5;

and in each case subject to all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 5 to change the office through which it is acting and shall specify the date of such change in such notice.

12 TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Notes. In relation to each Note the relevant Holder shall pay all Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Notes will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Holder shall be liable for and/or pay any tax, duty and/or expense, including all applicable depositary, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, Notes transfer and/or other taxes or duties arising in connection with the ownership of and/or any transfer, payment or delivery in respect of the Notes held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

13 REPLACEMENT OF NOTES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have been given to Holders in accordance with General Condition 5) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes and Coupons must be surrendered before replacement will be issued. This General Condition will not apply to Notes issued in dematerialised form.

14 ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 5 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Notes shall be redenominated in euro. The election will have effect as follows:
- (1) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Notes will be made solely in euro as though references in the Notes to the Settlement Currency were to euro;
 - (2) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a National Currency Unit (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and
 - (3) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 5 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding General Condition 14(a) and/or General Condition 14(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this General Condition, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

“**Established Rate**” means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“**National Currency Unit**” means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

“**Treaty**” means the treaty establishing the European Community, as amended.

15 AGENTS

- (a) **Principal Agent and Agents.** The Issuer reserves the right at any time to vary or terminate the appointment of any agent (the “**Agent**”) and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the “**Principal Agent**”) shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Notes are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Notes are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Condition or Final Terms. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Holders in accordance with General Condition 5. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Notes made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) **Calculation Agent.** The Issuer shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent) in respect of the Notes unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 5.

The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. Any calculations or determinations in respect of the Notes made by the Calculation Agent (whether or not the Issuer) shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

The Calculation Agent may, with the consent of the Issuer (if it is not the Issuer), delegate any of its obligations and functions to a third party as it deems appropriate.

16 SURRENDER OF UNMATURED COUPONS

Each Note should be presented for redemption, where applicable, together with all unmatured Coupons relating to it. Upon the due date for redemption any Note, where applicable, all unmatured Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof. This General Condition will not apply to Notes issued in dematerialised form.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the English Contracts (Rights of Third Parties) Act 1999 to enforce any Condition. The preceding sentence shall not affect any right or remedy of any person which exists or is available apart from that Act.

18 AMENDMENT OF CONDITIONS FOR THE PURPOSES OF LISTING THE NOTES

These conditions may be amended at the discretion of the Issuer and without the consent of the Holders for the purposes of obtaining a listing of the Notes on a stock exchange provided that the Issuer may not:

- (a) change any date fixed for a payment in respect of the Notes, including the maturity date, or alter the method of calculating the amount of any payment in respect of Notes on redemption prior to the maturity date or on the maturity date;
- (b) change the currency in which amounts due in respect of the Notes are payable; or
- (c) effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, Notes or other obligations or Notes of the Issuer or any other person or body corporate formed or to be formed.

19 METHOD OF PAYMENT

For purposes of any payment on a Note, the Clearing Agents may not be United States persons, as defined for United States Federal income tax purposes, and their respective specified offices may not be located in the United States or any of its possessions. No payment on a Note shall be made by transfer to an account in the United States (including its possessions) or by cheque mailed to an address in the United States (including its possessions).

20 COMMISSIONS, FEES AND REBATES

From time to time, the Issuer may make payments or receive the benefit of payments in relation to the issue of Notes including the following:

- (a) the Issuer may pay to a distributor, sales agent or other intermediary fees or commissions. Such fees or commissions are generally required to be disclosed by distributors, sales agents or intermediaries which, in each case, are EEA investment firms or credit institutions to their clients. Each potential investor in the Notes should satisfy itself as to the amount of any fees or commissions received by intermediaries;

- (b) the Issuer may receive or pay management or other fees from or to third parties. Where such fees are payable, further details of them will be set out in the applicable Final Terms; and
- (c) the Issuer may make payments to or receive the benefit of generic commission, discount and rebate arrangements from Hedge Providers and other transaction counterparties. Such arrangements will be as agreed between the Issuer and the third parties.

The Issuer reserves the right to retain any amounts received without any obligation to pass the benefit of the rebates to investors in the Notes.

21 GOVERNING LAW AND JURISDICTION

- (a) The Conditions and any non-contractual obligations arising from them are governed by English law.
- (b) The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or in connection with the Notes.
- (c) Subparagraph (b) is for the benefit of the Holders only. As a result, nothing prevents any Holder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.
- (d) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

ASSET CONDITIONS

1 INDEX LINKED NOTES

If the Notes are specified as Index Linked Interest Notes and/or Index Linked Redemption Notes in the applicable Final Terms (such Notes being Notes which may be linked to one or more Indices), the provisions of this Asset Condition 1 apply, as applicable, as modified by the applicable Final Terms.

(a) Redemption of Index Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each Nominal Amount of the Index Linked Redemption Notes equal to the Calculation Amount set out in the applicable Final Terms (the “**Specified Amount**”) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

(b) Adjustments to an Index

(i) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a “**Successor Index 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 that Index, then, in each case, that index (the “**Successor Index**”) will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of an Index

If (A) on or prior to the Valuation Date or an Averaging Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”), or (B) on the Valuation Date or an Averaging Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**” and together with an Index Modification and an Index Cancellation, each an “**Index Adjustment Event**”), then the Issuer may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, to calculate the Reference Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date or that Averaging Date, as the case may

be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event;

- (b) give notice to the Holders in accordance with General Condition 5 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Final Terms together with, if so specified in the applicable Final Terms, accrued interest.

(iii) Notice

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Holders in accordance with General Condition 5 giving details of the action proposed to be taken in relation thereto.

(iv) Correction of an Index

If “Correction of an Index” is specified as applying in the applicable Final Terms and the official closing level of an Index published on the Valuation Date or an Averaging Date is subsequently corrected and the correction (the “**Corrected Index Level**”) is published by the Index Sponsor or (if applicable) the Successor Index Sponsor prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Index Level shall be deemed to be the closing level for such Index for the Valuation Date or such Averaging Date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Index Linked Interest Notes in the applicable Final Terms) and/or the Final Redemption Amount (in respect of Notes specified as Index Linked Redemption Notes in the applicable Final Terms).

(c) *Definitions applicable to Index Linked Notes*

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Final Terms or (if any such date is not a Scheduled Trading Day) the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “Omission” is specified in the applicable Final Terms as applying, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Index Linked Interest Notes in the applicable Final Terms) and/or the Final Redemption Amount (in respect of Notes specified as Index Linked Redemption Notes in the applicable Final Terms) provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

- (b) if “Postponement” is specified in the applicable Final Terms as applying, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified in the applicable Final Terms as applying,
 - the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;

“Disrupted Day” means (i) where the relevant Index is specified in the applicable Final Terms as not being a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (ii) where the relevant Index is specified in the applicable Final Terms as being a Multi-Exchange Index, any Scheduled Trading Day on which (a) the Index Sponsor fails to publish the level of the Index, (b) any Related Exchange fails to open for trading during its regular trading session or (c) a Market Disruption Event has occurred.

“Early Closure” means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

“Exchange” means:

- (a) where the relevant Index is not specified in the applicable Final Terms as being a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and

- (b) where the relevant Index is specified in the applicable Final Terms as being a Multi-Exchange Index, in relation to each component security of that Index (each a **“Component Security”**), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

“Exchange Business Day” means either (i) where the relevant Index is not specified in the applicable Final Terms as being a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (ii) where the relevant Index is specified in the applicable Final Terms as being a Multi-Exchange Index, any Scheduled Trading Day on which (a) the Index Sponsor publishes the level of the Index and (b) each Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on any Related Exchange.

“Index” mean, subject to adjustment in accordance with Asset Condition 1(b)), the index or strategy specified in the applicable Final Terms and related expressions shall be construed accordingly.

“Index Sponsor” means, in relation to an Index, 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 such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

“Market Disruption Event” means, in respect of an Index,

- (x) where such Index is specified in the Final Terms as not being a Multi-Exchange Index:
 - (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index; or
 - (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or

- (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s), securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material; or
- (y) where such Index is specified in the applicable Final Terms as being a Multi-Exchange Index, in respect of a Component Security included in such Index either:
 - (I) the occurrence or existence, in respect of any Component Security, of:
 - (i) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
 - (ii) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; OR
 - (iii) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; AND

either:

 - (1) where the applicable Final Terms does not specify that the X Percentage applies, the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
 - (2) where the applicable Final Terms specifies that the X Percentage applies, the sum of (A) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or

an Early Closure occurs or exists and (B) the X Percentage, comprises 20 per cent. or more of the level of the Index:

OR

- (II) the occurrence or existence, in respect of futures or options contracts relating to the Index, of:
 - (a) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange;
 - (b) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange; or
 - (c) an Early Closure,

in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index or in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at that time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of that Index, in each case either (a) except where the relevant Index is specified in the applicable Final Terms as being a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where the relevant Index is specified in the applicable Final Terms as being a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 5 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date, as the case may be. Without limiting the obligation of the Calculation Agent to give notice to the Holders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

“**Reference Price**” means, in respect of an Index, an amount equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on (i) if a Valuation Date is specified in the applicable Final Terms, the Valuation Date (as defined below) or (ii) if Averaging Dates are specified in the applicable Final Terms, an Averaging Date and, in either case, if specified in the applicable Final Terms, without regard to any subsequently published correction.

“Related Exchange” means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or option contracts relating to such Index.

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Trading Day” means (i) where the relevant Index is specified in the applicable Final Terms as not being a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (ii) where the relevant Index is specified in the applicable Final Terms as being a Multi-Exchange Index, (a) any day on which the Index Sponsor is scheduled to publish the level of that Index, (b) each Related Exchange is scheduled to be open for trading for its regular trading session and (c) where the applicable Final Terms specifies that the X Percentage applies in relation to such Index, no more than 20 per cent. of the Component Securities that comprise the level of such Index are scheduled to be unavailable for trading on the relevant Exchange(s) by virtue of such day not being a day upon which any such relevant Exchange is scheduled to be open for trading for its regular trading sessions (such unavailable percentage being the “X Percentage”).

For the purposes of determining the X Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of that Index to that Component Security relative to (b) the overall level of that Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market “opening data”.

“Strike Price” means the amount specified as such in the applicable Final Terms.

“Scheduled Valuation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“Trading Disruption” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on any Related Exchange.

“Valid Date” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

“Valuation Date” means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then

the Valuation Date shall be the first succeeding Scheduled Trading Day unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not practicable, determine the Reference Price by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day;

“Valuation Time” means:

- (i) in respect of each Index specified in the applicable Final Terms as not being a Multi-Exchange Index, the Relevant Time specified in the applicable Final Terms or if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to such Index. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (ii) in respect of each Index specified in the applicable Final Terms as being a Multi-Exchange Index, (a) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the relevant Index, the close of trading on the relevant Related Exchange, and (b) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (a) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

2 EQUITY LINKED NOTES

If the Notes are specified as Equity Linked Interest Notes and/or Equity Linked Redemption Notes in the applicable Final Terms (such Notes being Notes which may be linked to an Underlying Equity), the provisions of this Asset Condition 2 apply, as applicable, as modified by the applicable Final Terms.

(a) Redemption of Equity Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each Nominal Amount of Equity Linked Redemption Notes equal to the Calculation Amount set out in the applicable Final Terms (the “**Specified Amount**”) will be redeemed by the Issuer (A) if “Cash Settlement” is specified in the applicable Final Terms, by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date or (B) if “Physical Delivery” is specified in the applicable Final Terms, by delivery of the Asset Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date (subject as provided below) or (C) if “Cash Settlement and/or Physical Delivery” is specified in the applicable Final Terms, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Final Terms, in each case on the Maturity Date (subject as provided below).

(b) Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Adjustments for Equity Linked Notes in respect of Underlying Equities quoted in European Currencies and Correction of Underlying Equity Prices

- (i) If Potential Adjustment Events are specified in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Underlying Equity and, if so, will (a) make the corresponding adjustment, if any, to any one or more of the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Final Terms), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Final Terms) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustment will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the Underlying Equity) including (unless “Equity Substitution” is specified as not applying in the applicable Final Terms) the substitution of the Underlying Equity (the “**Substituted Equity**”) the subject of the Potential Adjustment Event by a share selected by the Calculation Agent from the Reference Index (the “**New Equity**”) and (b) determine the effective date of that adjustment. Unless “Equity Substitution” is specified as not applying in the applicable Final Terms, if the Calculation Agent selects a New Equity in substitution for the Substituted Equity, the Issuer shall make such other adjustments to these Conditions as it deems appropriate. The Calculation Agent may (but need not)

determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

In making any determination in respect of any such adjustment, the Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Holders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Holders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Calculation Agent shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Holders or Couponholders.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 5, stating the adjustment to the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Final Terms), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Final Terms) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

- (ii) If (x) “De-listing, Merger Event, Nationalisation and Insolvency” is specified as applying in the applicable Final Terms and/or (y) “Tender Offer” is specified as applying in the applicable Final Terms and (in the case of (x)) a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer may:
 - (A) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Final Terms), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Final Terms) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, including (unless “Equity Substitution” is specified as not applying in the applicable Final Terms) the substitution of the Substituted Equity the subject of the De-listing, Merger Event, Nationalisation, Insolvency or Tender Offer by a New Equity and determine the effective date of that adjustment; or
 - (B) give notice to the Holders in accordance with General Condition 5 and redeem all, but not some only, of the Notes, with each Specified Amount being

redeemed at the Early Redemption Amount (determined in accordance with the applicable Final Terms) together with, if so specified in the applicable Final Terms, accrued interest.

If the provisions of Asset Condition 2(b)(ii)(A) apply the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Unless “Equity Substitution” is specified as not applying in the applicable Final Terms, if the Calculation Agent selects a New Equity in substitution for the Substituted Equity, the Issuer shall make such other adjustments to these Conditions as it deems appropriate.

In making any determination in respect of any such adjustment, the Issuer and/or Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Holders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Holders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Issuer and/or Calculation Agent shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Holders or Couponholders.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 5 stating the occurrence of the De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (iii) In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Final Terms), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Final Terms) and/or the Asset Amount and/or the Strike Price and/or any of

the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Asset Condition 2(b)(iii) will affect the currency denomination of any payments in respect of the Notes.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 5, stating the adjustment to the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms.

- (iv) If “Correction of Underlying Equity Prices” is specified as applying in the applicable Final Terms and the price of an Underlying Equity published on the Valuation Date or an Averaging Date, as the case may be, is subsequently corrected and the correction (the “**Corrected Underlying Equity Price**”) is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Underlying Equity Price shall be deemed to be the closing price for such Underlying Equity for the Valuation Date or the Averaging Date, as the case may be, and the Calculation Agent shall use such Corrected Underlying Equity Price in determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Final Terms) and/or the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Final Terms).

(c) *Physical Delivery*

- (i) If “Physical Delivery” is specified in the applicable Final Terms as applying in relation to an Equity Linked Redemption Note and the Notes are in definitive bearer form, the Asset Amount will be delivered at the risk of the relevant Holder, in the manner provided in Asset Condition 4 on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the Delivery Date), provided that the Asset Transfer Notice (as defined in Asset Condition 4) is duly delivered and copied to the Issuer as provided in Asset Condition 4, not later than the close of business in each place of receipt on the Cut-Off Date specified in the applicable Final Terms.

If, in respect of any Note in definitive form, the holder thereof fails to deliver an Asset Transfer Notice as provided herein with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount(s) in respect of such Note will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Holder in the manner provided above. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a

result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer.

If, in respect of any Note in definitive form, the holder thereof fails to give an Asset Transfer Notice as provided herein with a copy to the Issuer, not later than the close of business in each place of receipt on the Final Date, then the Issuer shall have no further liability or obligation whatsoever in respect of such Note.

- (ii) If “Physical Delivery” is specified in the applicable Final Terms as applying in relation to an Equity Linked Redemption Note and the Notes are bearer notes represented by a Global Note, the Asset Amount(s) will be delivered at the risk of the relevant Holder, in the manner provided in Asset Condition 4 on the Maturity Date (such date, subject to adjustment in accordance with Asset Condition 2(c)(iii) below, also the “**Delivery Date**”).
- (iii) If, prior to the delivery of the Asset Amount(s) in accordance with this Asset Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder in accordance with General Condition 5. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount(s) pursuant to this paragraph. Where delivery of the Asset Amount(s) has been postponed as provided in this paragraph the Issuer shall not be in breach of the Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount(s) in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the “**Election Notice**”) is given to the Holders in accordance with General Condition 5. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with General Condition 5.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Holder will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder’s entire holding may be aggregated at the Issuer’s discretion for the purpose of delivering the Asset Amounts), and an amount in the Settlement Currency which shall be the value of the amount of the Relevant Assets which have not been delivered, as calculated by the Calculation Agent from such source(s) as it may select (converted if necessary into the Settlement Currency by reference to such exchange rate as the Calculation Agent

deems appropriate). Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 5.

For the purposes of the Notes (i) the Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered shareholder in the register of members of any Equity Issuer, (ii) the Issuer shall not be obliged to account to any Holder or any other person for any entitlement received or that is receivable in respect of any Underlying Equities comprising the Asset Amount(s) in respect of any Note if the date on which the Underlying Equities are first traded on the relevant Exchange ex such entitlement is on or prior to the Maturity Date and (iii) any interest, dividend or other distribution in respect of any Asset Amount will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the relevant Underlying Equity executed on the Maturity Date and to be delivered in the same manner as the Asset Amount. Any such interest dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

(d) Failure to Deliver due to Illiquidity

If “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Asset Amount (the “**Affected Relevant Assets**”), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a Failure to Deliver), then:

- (i) subject as provided elsewhere in these Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Delivery Date in accordance with Asset Condition 2(c) and Asset Condition 4; and
- (ii) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder in respect of each Specified Amount the Failure to Deliver Settlement Price on the fifth Business Day following the date the Failure to Deliver Notice is given to the Holders in accordance with General Condition 5. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Holders in accordance with General Condition 5. The Calculation Agent shall give notice (such notice a “**Failure to Deliver Notice**”) as soon as reasonably practicable to the Holders in accordance with General Condition 5 that the provisions of this Asset Condition 2(d) apply.

(e) Definitions applicable to Equity Linked Notes

“**Affiliate**” means, in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the

First Entity or any entity, directly or indirectly, under common control with the First Entity. For these purposes control means ownership of a majority of the voting power of an entity.

“Asset Amount” has the meaning given in the applicable Final Terms.

“Averaging Date” means each date specified as an Averaging Date in the applicable Final Terms or (if any such date is not a Scheduled Trading Day) the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “Omission” is specified in the applicable Final Terms as applying, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Final Terms) and/or the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Final Terms) provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified in the applicable Final Terms as applying, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified in the applicable Final Terms as applying
the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below.

“De-listing” means, in respect of any Underlying Equity, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equity ceases (or will cease), to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) or another exchange

or quotation system located in another country which exchange or quotation system and country is deemed acceptable by the Calculation Agent.

“Disruption Cash Settlement Price” means an amount equal to the fair market value of the relevant Note on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

“Disrupted Day” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

“Exchange” means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

“Exchange Business Day” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

“Failure to Deliver Settlement Price” means, in respect of each Specified Amount, the fair market value of the Affected Relevant Assets on a Business Day selected by the Calculation Agent prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of, or any analogous proceeding affecting, an Equity Issuer (a) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them.

“Market Disruption Event” means, in respect of an Underlying Equity:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:

- (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) relating to the Underlying Equity on the relevant Exchange; or
 - (B) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
- (ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 5 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date or an Averaging Date, as the case may be. Without limiting the obligation of the Calculation Agent to give notice to the Holders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

“Merger Date” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event” means, in respect of any relevant Underlying Equities, any:

- (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer all such Underlying Equities outstanding to another entity or person; or
- (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and

which does not result in any such reclassification or change of all such Underlying Equities outstanding); or

- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event,

in each case where the Merger Date is on or before the Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date.

“Nationalisation” means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“Potential Adjustment Event” means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (i) such Underlying Equities or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (e) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or

- (f) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile take-overs that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

“Reference Index” means, in relation to a Substituted Equity (as defined above), the index (a) of which the Substituted Equity is a component, or of which it has been a component of at any time during the six months immediately preceding the relevant substitution, and (b) over which futures contracts are actively traded, as determined by the Calculation Agent. If more than one index satisfies the above criteria or if no index satisfies the above criteria, the Calculation Agent shall determine the Reference Index for the Substituted Equity by reference to such criteria as it deems appropriate.

“Reference Price” means, in respect of an Underlying Equity, an amount equal to the official closing price (or the price at the Valuation Time (A) if a Valuation Date is specified in the applicable Final Terms, on the Valuation Date or (B) if Averaging Dates are specified in the applicable Final Terms, on an Averaging Date) of the Underlying Equity quoted on the relevant Exchange and, if specified in the applicable Final Terms, without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) can be determined at such time and, if the Valuation Date or such Averaging Date, as the case may be is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Underlying Equity based, at the Calculation Agent’s discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount shall be the Reference Price.

“Related Exchange” means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.

“Settlement Disruption Event” means an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on behalf of the Issuer in accordance with these Conditions and/or the applicable Final Terms is not practicable.

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Trading Day” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“Scheduled Valuation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date.

“Strike Price” means the amount specified as such in the applicable Final Terms.

“Tender Offer” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“Underlying Equities” and **“Underlying Equity”** mean the equity securities or equity security specified as such in the applicable Final Terms and related expressions shall be construed accordingly.

“Valuation Date” means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then

the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled

Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.

“Valid Date” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

“Valuation Time” means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date or Averaging Date, as the case may be in relation to the Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

3 ADDITIONAL DISRUPTION EVENTS

(a) *Definitions*

“Additional Disruption Event” means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow (which may apply to any Notes), in each case if specified in the applicable Final Terms.

“Change in Law” means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

“Hedging Disruption” means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“Hedging Positions” means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, commodities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instructions or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Notes.

“Hedging Shares” means the number of Underlying Equities (in the case of Equity Linked Notes) or securities/commodities comprised in an Index (in the case of Index Linked Notes) that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

“Increased Cost of Hedging” means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

“Increased Cost of Stock Borrow” means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Underlying Equity (in the case of Equity Linked Notes) or any security/commodity comprised in an Index (in the case of Index Linked Notes) that is greater than the Initial Stock Loan Rate.

“Initial Stock Loan Rate” means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such Underlying Equity or such security/commodity, as the case may be, as of the Trade Date, as determined by the Issuer.

“Insolvency Filing” means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

“Loss of Stock Borrow” means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Underlying Equity (in the case of Equity Linked Notes) or any securities/commodities comprised in an Index (in the case of Index Linked Notes) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

“Maximum Stock Loan Rate” means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing

of) such Underlying Equity or such security/commodity, as the case may be, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

(b) Occurrence of Additional Disruption Events

If an Additional Disruption Event occurs, the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Rate of Interest and/or the Interest Amount(s) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event including (unless “Equity Substitution” is specified as not applying in the applicable Final Terms) the substitution of the Substituted Equity the subject of the Additional Disruption Event by a New Equity and determine the effective date of that adjustment; or
- (ii) give notice to the Holders in accordance with General Condition 5 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount (determined in accordance with the applicable Final Terms) together with, if so specified in the applicable Final Terms, accrued interest.

If the provisions of Asset Condition 3(b) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Additional Disruption Event, made by an options exchange to options on the Underlying Equities traded on that options exchange.

In making any determination in respect of any such adjustment, the Issuer and/or Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Holders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Holders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Issuer and/or Calculation Agent shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Holders or Couponholders.

Upon the occurrence (if applicable) of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with General Condition 5 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

4 PHYSICAL DELIVERY

(a) Notes represented by one or more Global Notes

If “Physical Delivery” is specified in the applicable Final Terms as applying in relation to any Equity Linked Redemption Note and if the Notes are represented by one or more Global Notes, delivery of the Asset Amount(s) will (subject as provided below) be made against presentation or surrender, as the case may be, of the relevant Global Note at the specified office of any Paying Agent outside the United States. A record of each delivery made against presentation or surrender of such Global Note will be made on such Global Note on behalf of the Issuer by the Paying Agent to which such Global Note is presented for the purpose of making such delivery, and such record shall be *prima facie* evidence that the delivery in question has been made.

The holder of a Global Note shall be the only person entitled to receive delivery of the Asset Amounts in respect of Notes represented by such Global Note and the Issuer will be discharged by delivery to, or to the order of, the holder of such Global Note in respect of each amount so delivered. Each of the persons shown in the records of the relevant Clearing Agent as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to such Clearing Agent as the case may be, for his share of each delivery so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any deliveries due on that Global Note.

For the avoidance of doubt, no Asset Transfer Notice will be required.

(b) Notes in definitive form

If “Physical Delivery” is specified in the applicable Final Terms as applying in relation to any Equity Linked Redemption Note and the Notes are in definitive form, in order to obtain delivery of the Asset Amount(s) in respect of any Note, if such Note is in definitive form, the relevant Holder must deliver (i) if such Note is a bearer note, to any Paying Agent or (ii) if such Note is a registered note, to the Registrar or any Paying Agent, in each case with a copy to the Issuer, not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent and this Note must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Holder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Final Terms;
- (2) include an undertaking to pay all Delivery Expenses;
- (3) specify an account to which any cash amounts specified in the applicable Final Terms as being payable are to be paid; and

- (4) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the Notes which are the subject of such notice.

Failure to properly complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the relevant Paying Agent or the Registrar, as the case may be, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Holders.

(c) *Delivery*

Delivery of the Asset Amount(s) in respect of each Note shall be made at the risk of the relevant Holder and, in the case of Notes in definitive form, in such commercially reasonable manner as the Calculation Agent shall determine and notify to the person designated by the Holder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms. All Delivery Expenses arising from the delivery of the Asset Amount(s) in respect of such Notes shall be for the account of the relevant Holder and no delivery of the Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

After delivery of the Asset Amount(s) and for the Intervening Period, none of the Issuer, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Holder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Holder in respect of any loss or damage which such Holder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

As used herein:

“**Asset Amount**” is as specified in the applicable Final Terms.

“**Asset Transfer Notice**” means a duly completed asset transfer notice substantially in the form made available by the Issuer.

“**Delivery Expenses**” means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount.

“**Intervening Period**” means such period of time as any person other than the relevant Holder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

PRODUCT CONDITIONS

The Product Conditions which follow relate to the Notes and must be read in conjunction with, and are subject to, the General Conditions and the relevant Asset Conditions (whether or not attached to this Base Prospectus and the applicable Final Terms). The Product Conditions, the relevant Asset Conditions and the General Conditions together constitute the Conditions of the Notes and will be printed on the Definitive Notes or attached to the Global Note representing the Notes.

Provisions relating to Interest Amounts and the Final Redemption Amount

1 Interest Amount (C(t)):

Subject to paragraph 5 (Reserve Early Payment Event) below, on each Interest Payment Date, the Issuer shall pay an Interest Amount per Note (“C(t)”) equal to an amount calculated by the Calculation Agent in accordance with the formula:

$$C(t) = \text{Specified Denomination} \times CR(t) \times OP(t)$$

where:

CR(t) is the Rate of Interest in respect of Valuation Date(t) (being the Valuation Date immediately preceding the relevant Interest Payment Date) and which Rate of Interest shall be equal to the Lock-in Level;

Lock-in Level is a percentage specified in the applicable Final Terms, subject to the occurrence of a Reserve Early Payment Event; and

OP(t) is the Option Payoff in respect of Valuation Date(t) (being the Valuation Date immediately preceding the relevant Interest Payment Date).

2 Option Payoff (OP(t)):

The Option Payoff in respect of Valuation Date(t) shall be equal to a percentage calculated by the Calculation Agent in accordance with the applicable formula specified below.

(A) If Cap is applicable:

$$OP(t) = (1 - PFR) \times PR(t) \times \text{Min} \left(\text{Cap}, \text{Max} \left(\text{Floor}, \frac{\text{Underlying}(f) - \text{Underlying}(o)}{\text{Underlying}(o)} \right) \right)$$

(B) If Cap is not applicable:

$$OP(t) = (1 - PFR) \times PR(t) \times \text{Max} \left(\text{Floor}, \frac{\text{Underlying}(f) - \text{Underlying}(o)}{\text{Underlying}(o)} \right)$$

where:

“**Cap**” is the percentage (if any) specified as such in the applicable Final Terms;

“**Floor**” is the percentage specified as such in the applicable Final Terms, subject to a minimum value of zero;

“**PFR**” is the percentage specified as the Performance Fee Rate in the applicable Final Terms (which may be zero);

“**PR(t)**” is the Participation Rate on Valuation Date(t) calculated in accordance with paragraph 3 below;

“**Underlying(f)**” in respect of a Valuation Date(t) means:

- (a) where “Final Averaging” is specified as not applicable in the applicable Final Terms, Underlying Level(t);
- (b) where “Final Averaging” is specified as applicable in the applicable Final Terms,

$$\frac{1}{j} \sum_k \text{Underlying Level}(k)$$

With respect to Valuation Date(t), there will be a corresponding set of Final Averaging Dates(k) where the total number of Final Averaging Dates(k) is equal to **j** number of Final Averaging Dates; or

- (c) if “Look-Forward” is specified to be applicable in the applicable Final Terms, the lowest or the highest (as specified in the applicable Final Terms) Reference Price of the Underlying at the Look-Forward Valuation Time specified in the applicable Final Terms on (i) any Scheduled Trading Day or (ii) on certain specific Scheduled Trading Days, specified in the applicable Final Terms (“**Look-Forward Observation Date**”), from and including the Look-Forward Start Date to and including the Final Valuation Date or any Valuation Date save that if any Look-Forward Observation Date (other than the Look-Forward Start Date) is a Disrupted Day, such Look-Forward Observation Date shall be the next following Scheduled Trading Day, except where the next following Scheduled Trading Day is specified in the applicable Final Terms as a Look-Forward Observation Date, then such disrupted Look-Forward Observation Date shall be ignored for these purposes,

provided that if “Dividend” is specified as applicable in the applicable Final Terms, Underlying(f) shall be adjusted by the Calculation Agent in such manner as it shall in its discretion determine appropriate as if Dividends had been reinvested in the relevant Underlying Equity (or Constituent Equities) as at the respective dates on and after the Strike Date on which the relevant Underlying Equity or Constituent Equity was declared ‘ex’ the relevant Dividend;

“**Underlying(o)**” in respect of a Valuation Date(t) means:

- (a) where “Strike Averaging” is specified as not applicable in the applicable Final Terms, (i) Underlying Level(t-1) or (ii) in the case of a Valuation Date(t) other than the Valuation Date(t=0) and where the applicable Final Terms specify

Postponed Valuation Dates as applicable, the relevant Postponed Valuation Date;
or

- (b) where “Strike Averaging” is specified as applicable in the applicable Final Terms,

$$\frac{1}{y} \sum \text{Underlying Level}(m)$$

With respect to Valuation Date(t), there will be a corresponding set of Strike Averaging Dates (m) where the total number of Strike Averaging Dates(m) is equal to y number of Strike Averaging Dates; or

- (c) if “Look-Back” is specified to be applicable in the applicable Final Terms, the lowest or the highest (as specified in the applicable Final Terms) Reference Price of the Underlying at the Look-Back Valuation Time specified in the applicable Final Terms on (i) any Scheduled Trading Day or (ii) on certain specific Scheduled Trading Days, specified in the applicable Final Terms (“**Look-Back Observation Date**”), from and including the Strike Date or any Valuation Date to and including the Look-Back End Date save that if any Look-Back Observation Date (other than the Look-Back End Date) is a Disrupted Day, such Look-Back Observation Date shall be the next following Scheduled Trading Day, except where the next following Scheduled Trading Day is specified in the applicable Final Terms as a Look-Back Observation Date, then such disrupted Look-Back Observation Date shall be ignored for these purposes,

provided that if “Dividend” is specified as applicable in the applicable Final Terms, Underlying(o) shall be adjusted by the Calculation Agent in such manner as it shall in its discretion determine appropriate as if Dividends had been reinvested in the relevant Underlying Equity (or Constituent Equities) as at the respective dates on and after the Strike Date on which the relevant Underlying Equity or Constituent Equity was declared ‘ex’ the relevant Dividend;

“**Underlying Level(k)**” means the Reference Price of the Underlying at the Valuation Time on Final Averaging Date(k) corresponding to Valuation Date(t), net of all applicable Underlying Fees and Costs, *provided that* if “Dividend” is specified as applicable in the applicable Final Terms, Underlying Level(k) shall be adjusted by the Calculation Agent in such manner as it shall in its discretion determine appropriate as if Dividends had been reinvested in the relevant Underlying Equity (or Constituent Equities) as at the respective dates on and after the Strike Date on which the relevant Underlying Equity or Constituent Equity was declared ‘ex’ the relevant Dividend;

“**Underlying Level(m)**” means the Reference Price of the Underlying at the Valuation Time on Strike Averaging Date(m) corresponding to Valuation Date(t), net of all applicable Underlying Fees and Costs, *provided that* if “Dividend” is specified as applicable in the applicable Final Terms, Underlying Level(m) shall be adjusted by the Calculation Agent in such manner as it shall in its discretion determine appropriate as

if Dividends had been reinvested in the relevant Underlying Equity (or Constituent Equities) as at the respective dates on and after the Strike Date on which the relevant Underlying Equity or Constituent Equity was declared 'ex' the relevant Dividend; and

“Underlying Level(t)” means the Reference Price of the Underlying at the Valuation Time on Valuation Date(t), net of all applicable Underlying Fees and Costs, *provided that* if “Dividend” is specified as applicable in the applicable Final Terms, Underlying Level(t) shall be adjusted by the Calculation Agent in such manner as it shall in its discretion determine appropriate as if Dividends had been reinvested in the relevant Underlying Equity (or Constituent Equities) as at the respective dates on and after the Strike Date on which the relevant Underlying Equity or Constituent Equity was declared 'ex' the relevant Dividend;

than the

3 **Participation Rate (PR(t)):**

In respect of any Option Payoff(t), the Participation Rate shall be equal to a percentage calculated by the Calculation Agent in accordance with the formula:

$$PR(t) = MPR(t) + \text{Min} \left(\text{ParticipationCap} - MPR(t), \frac{OP(t-1) \times (1 - LIL(t-1)) + R(t-2)}{\text{Divisor}} \right)$$

where:

“Divisor” is the percentage rate used to increase the Participation Rate by a percentage equal to the Divisor Participation Percentage. The Divisor shall be indicatively specified in the applicable Final Terms and notified to investors in accordance with Article 8 of the Prospectus Directive;

“Divisor Participation Percentage” means the percentage specified as such in the applicable Final Terms;

“Initial Participation Rate” means the percentage specified as such in the applicable Final Terms. The Initial Participation Rate shall be notified to Holders in accordance with Article 8 of the Prospectus Directive;

“LIL(t)” is the Lock-in Level on Valuation Date(t);

“MPR(t)” is the Minimum Participation Rate (indicatively specified in the applicable Final Terms) in respect of each Valuation Date(t) which shall be determined in the light of market conditions on or before the Strike Date or such fixing date specified in the applicable Final Terms as the **“Minimum Participation Fixing Date”**. The Minimum Participation Rate shall be notified to Holders in accordance with Article 8 of the Prospectus Directive;

“OP” means Option Payoff;

“OP (t-1)” is the Option Payoff on Valuation Date (t-1);

“Participation Cap” is the Maximum Participation Rate specified in the applicable Final Terms; and

“**R(t-2)**” is the Reserve on Valuation Date(t-2).

In respect of the Option Payoff on the first Valuation Date, the Participation Rate shall be deemed to be equal to the Initial Participation Rate.

4 **Reserve (R(t)):**

The Reserve on Valuation Date(t) shall reflect the accrued but unused Option Payoff with respect to such Valuation Date(t) and

- (i) in respect of any Valuation Date(t), except the Final Valuation Date, R(t) shall be equal to a percentage calculated by the Calculation Agent in accordance with the formula:

$$R(t) = R(t-1) + OP(t) \times (1 - LIL(t)) - \text{Divisor} \times (PR(t+1) - MPR(t+1)); \text{ and}$$

- (ii) in respect of the Final Valuation Date shall be equal to a percentage calculated by the Calculation Agent in accordance with the formula:

$$R(t(s)) - R(s-1) + OP(s) \times (1 - LIL(s)); \text{ and}$$

On Valuation Date(t=0), the Reserve R(0) shall be equal to zero.

5 **Reserve Early Payment Event:**

On any Valuation Date(t), but excluding the Final Valuation Date, if the Calculation Agent determines that the accumulated Reserve, R(t), is greater than the Reserve Early Payment Target on Valuation Date(t) (“**REPT(t)**”), then a reserve early payment event shall have occurred (the “**Reserve Early Payment Event**”). The Reserve Early Payment Event can only occur once. Upon the occurrence of the Reserve Early Payment Event, (a) an Additional Coupon shall be payable on the Interest Payment Date immediately following Valuation Date(t); (b) the Lock-in Level shall be increased to a percentage specified in the applicable Final Terms (the “**Revised Lock-in Level**”) with respect to Valuation Date(t+1) and each subsequent Valuation Date and thereupon all references to “Lock-in Level” herein shall be deemed to be references to the Revised Lock-in Level; and (c) with respect to Valuation Date(t+1), the value of R(t) (i.e. the value of the Reserve on the Valuation Date immediately preceding Valuation Date(t+1)) shall be equal to REPT(t).

Where

“**REPT(t)**” is the Reserve Early Payment Target on Valuation Date(t) and calculated as follows:

- (i) for Valuation Date(t) where t ranges from 1 to (s-2):

$$REPT(t) = \sum_{z=t+2}^s \text{Divisor} \times (\text{Cap} - MPR_z); \text{ and}$$

- (ii) for Valuation Date(t) where t is (s-1), REPT(t) = 0;

“**Additional Coupon**” means an amount equal to $(R(t) - REPT(t)) \times \text{Specified Denomination}$.

6 Final Redemption Amount:

The Final Redemption Amount with respect to each Specified Denomination of Notes shall be an amount in the Settlement Currency determined as follows:

$$\text{Specified Denomination} \times [\text{PP} + \text{Max}[0, \text{R(s)}]]$$

Where:

“PP” means the percentage level of principal protection specified in the applicable Final Terms as the Protection Level. If PP is equal to or greater than 100 per cent., then the Notes will be principal-protected. If PP is equal to or greater than zero per cent. but less than 100 per cent, then the Notes will be non-principal protected.

“R(s)” means the Reserve on Valuation Date(s) (being the Final Valuation Date);

7 Formulaic References:

A reference to “(t)” is a reference to the position as of a Valuation Date(t) e.g. references to “C(t)” and “CR(t)” are to the Interest Amount per Note and the Rate of Interest on such Valuation Date (such Valuation Date is referred to as “Valuation Date(t)”).

A reference to “(t-1)” is a reference to the position as of a Valuation Date which is the Valuation Date immediately preceding Valuation Date(t) and references to a value at (t-1) such as i.e. “C(t-1)” and “CR(t-1)” is a reference to the Interest Amount per Note and the Rate of Interest, in each case, on Valuation Date(t-1).

A reference to “(s)” is a reference to the position as of the Final Valuation Date while a reference to “(s-1)” is a reference to the position as of a Valuation Date which is the Valuation Date immediately preceding the Final Valuation Date.

8 Business Day Convention

If any Interest Payment Date (or other date) which is specified in the applicable Final Terms to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) the Floating Rate Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day and (b) after the foregoing paragraph (a) shall have applied, each subsequent Interest Payment Date (or other date) shall be the last Business Day of the last month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall

into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

9 General Definitions:

“Business Day” means (unless otherwise stated in the applicable Final Terms):

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and, if any Additional Business Centre(s) is specified in the applicable Final Terms, in such Additional Business Centre(s); and
- (B) either (1) in relation to any sum payable in a Settlement Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Settlement Currency (if other than London) which, if the Settlement Currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 (TARGET2) System (the **“TARGET System”**) is open; and

“Dividend” means, the net dividend amount per Underlying Equity or where the Underlying is an Index, the net dividend amount per equity which is a constituent of the Index (**“Constituent Equity”**) (expressed in the same currency as the relevant Underlying Equity or Constituent Equity or converted into cash in the same currency as the relevant Underlying Equity or Constituent Equity at a rate determined by the Calculation Agent acting in a commercially reasonable manner) to which the Issuer would be entitled if it held the relevant Underlying Equity or Constituent Equity) on the ex-dividend date of the Underlying Equity or Constituent Equity.

“euro” means the single currency introduced on 1 January 1999 pursuant to the treaty establishing the European Community as amended (the **“Treaty”**).

“Final Averaging Dates” means the dates, if any, specified as such in the applicable Final Terms.

“Final Valuation Date” means Valuation Date(s).

“Look-Back End Date” means the date(s), if any, so specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, unless such day is a Disrupted Day in which case the provisions of the definition of “Valuation Date” in Asset Condition 1(c) or 2(e) shall apply as if references therein to the Valuation Date were to the Look-Back End Date.

“Look-Forward Start Date” means the date(s), if any, so specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, unless such day is a Disrupted Day in which case the provisions of the definition of Valuation Date in Asset Condition 1(c) or 2(e) shall apply as if references therein to the Valuation Date were to the Look-Forward Start Date.

“**PP**” means the percentage level of principal protection specified in the applicable Final Terms as the Protection Level. If PP is equal to or greater than 100 per cent., then the Notes will be principal-protected. If PP is equal to or greater than zero per cent. but less than 100 per cent, then the Notes will be non-principal protected.

“**Strike Averaging Dates**” means the dates, if any, specified as such in the applicable Final Terms.

“**Strike Date**” means the date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, unless such day is a Disrupted Day in which case the provisions of the definition of “Valuation Date” in Asset Condition 1(c) or 2(e) shall apply as if references therein to the Valuation Date were to be the Strike Date.

“**Underlying**” means the Index or Underlying Equity specified as the Underlying in the applicable Final Terms.

“**Underlying Fees and Costs**” means the relevant fees and costs specified as such in the applicable Final Terms.

“**Valuation Date(t)**” (where $t = 1$ to s) means the dates specified in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, unless, in the determination of the Calculation Agent, any such day is a Disrupted Day.

FORM OF FINAL TERMS

Final Terms dated [●]



THE ROYAL BANK OF SCOTLAND N.V.

(incorporated in The Netherlands with its statutory seat in Amsterdam)

[Principal-Protected] [Non-Principal Protected] [Index/Equity] Linked Notes
Base Prospectus (Accumulator - Bull Notes)

Series [●]

Issue Price: [●] per cent.

Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions, the relevant Asset Conditions and the Product Conditions applicable to each Series of Notes described herein as set forth in the Principal-Protected and Non-Principal Protected Index or Equity Linked Notes Base Prospectus (Accumulator - Bull Notes) dated 8 September 2010 (the "Base Prospectus") as supplemented from time to time which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of each Series of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and each Series of Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. Copies of the Base Prospectus may be obtained, free of charge, during normal business hours from the registered office of the Issuer and from the specified offices of the Distributor and each of the Agents.

These Final Terms must be read in conjunction with, and are subject to, the General Conditions, the relevant Asset Conditions and the Product Conditions contained in the Base Prospectus as so supplemented. These Final Terms, the relevant Asset Conditions, the Product Conditions and the General Conditions together constitute the Conditions of each Series of the Notes described herein. In the event of any inconsistency between these Final Terms and the General Conditions, relevant Asset Conditions or the relevant Product Conditions, these Final Terms will govern.

The Netherlands Authority for the Financial Markets has provided the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

So far as the Issuer is aware, no person (other than the Issuer in its separate capacities as Issuer and Calculation Agent) involved in the issue of the Notes has an interest material to the offer.

TERMS AND CONDITIONS OF THE NOTES

1	Issuer:	The Royal Bank of Scotland N.V., acting through its London Branch at 250 Bishopsgate, London EC2M 4AA
2	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
3	Protection Level:	[●] per cent.
4	Offering Jurisdiction:	[●]
5	Settlement Currency or Currencies:	[●]
6	Aggregate Nominal Amount:	
	(i) Series:	[●]
	(ii) Tranche:	[●] [Not Applicable]
7	Issue Price:	[●]
8	Specified Denomination:	[●]
9	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
10	Maturity Date:	The later of [●] and the [tenth Stockholm/[tenth Helsinki]/[tenth Copenhagen]/[eighth Oslo]/[specify other] Business Day after the final Valuation Date
11	Interest/Payment Basis:	[Index Linked Interest or Equity Linked Interest, as specified below.]
12	Redemption/Payment Basis:	[Index Linked Redemption or Equity Linked Redemption as specified below]
13	Status of the Notes:	Senior
14	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Interest/Payment Basis:	Interest Linked Interest: [Applicable]/[Not Applicable] Equity Linked Interest: [Applicable]/[Not Applicable]
16	Index Linked Interest Note Provisions:	<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>
	(i) Provisions for determining Rate of Interest and/or Interest Amount:	See Product Conditions
	(ii) Specify the identity of the relevant Index/ details of the relevant index	[●] [Where the Notes relate to the Royal Bank of Scotland plc proprietary strategy set out in

sponsors and whether such Index is a Multi-Exchange Index: the Base Prospectus (if so specified), the strategy description set out in the Base Prospectus shall apply.]

- (iii) Exchange(s): [●] [As specified in relation to each Index, failing which, as determined by the Calculation Agent in accordance with Asset Condition 1.]
- (iv) Related Exchange(s): [●]
- (v) Specified Period(s)/Specified Interest Payment Dates: [●]/[As specified in the Table below]
- (vi) Valuation Dates and Valuation Time: [●]/[As specified in the Table below]

Interest Payment Date	Valuation Date(t)	Valuation Time
[●]	[●]	[●]
[●]	[●]	[●]
[●]	s	[●]

Reference Price: The Reference Price shall be determined by reference to the level of the relevant Index at the Valuation Time on the relevant Valuation Date.

In relation to the Strike Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Strike Averaging Dates”.

In relation to the Final Valuation Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Final Averaging Dates”.

Valuation Time: Asset Condition 1(c) applies.

In relation to the Strike Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Strike Averaging Dates”.

	In relation to the Final Valuation Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Final Averaging Dates”.
(vii) Strike Price:	[●]/[Not applicable]
(viii) Trade Date:	Not Applicable.
(ix) Correction of Index Levels:	Correction of Index Levels applies.
Correction Cut-Off Date:	[●]
(x) Party responsible for calculating the Interest Amount(s):	The Royal Bank of Scotland N.V. 250 Bishopsgate London EC2M 4AA
(xi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
(xii) Additional Business Centre(s):	[●]
(xiii) Final Valuation Date (Valuation Date(s)):	
(xiv) Additional Disruption Events:	See Paragraph 52.
(xv) Other terms or special condition:	[None]/[specify].
17 Equity Linked Interest Note Provisions:	<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>
(i) Provisions for determining Rate of Interest and/or Interest Amount:	See Product Conditions.
(ii) Specify the identity of the relevant issuer of the Underlying Equity:	[●]
(iii) Exchange:	[●]
(iv) Related Exchange(s):	[●]
(v) Specified Period(s)/Specified Interest Payment Dates:	[●]/[As specified in the Table below]
(vi) Valuation Dates and Valuation Time:	[●]/[As specified in the Table below]

Interest Payment Date	Valuation Date(t)	Valuation Time
--------------------------------------	------------------------------	---------------------------

[●] [●] [●]
 [●] [●] [●]
 [●] s [●]

Reference Price:

The Reference Price shall be determined by reference to the level of the relevant Underlying Equity at the Valuation Time on the relevant Valuation Date.

In relation to the Strike Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Strike Averaging Dates”.

In relation to the Final Valuation Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Final Averaging Dates”.

Valuation Time:

Asset Condition 2(e) applies.

In relation to the Strike Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Strike Averaging Dates”.

In relation to the Final Valuation Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Final Averaging Dates”.

(vii) Potential Adjustment Events: Applicable

(viii) De-listing, Merger Event, Nationalisation and Insolvency: Applicable

(ix) Tender Offer: Applicable

(x) Equity Substitution: Applicable

(xi) Correction of Underlying Equity Correction of Underlying Equity Price applies.

Price:	
Correction Cut-Off Date	[•]
(xii) Strike Price:	[•]
(xiii) Exchange Rate:	[•]
(xiv) Trade Date:	Not Applicable
(xv) Party responsible for calculating the Interest Amount(s)	The Royal Bank of Scotland N.V. 250 Bishopsgate London EC2M 4AA
(xvi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (<i>give details</i>)]
(xvii) Additional Business Centre(s):	[•]
(xviii) Final Valuation Date (Valuation Date(s)):	[•]
(xix) Additional Disruption Events:	See Paragraph 52
(xx) Other terms or special condition:	See Product Conditions

PROVISIONS RELATING TO REDEMPTION

18	Redemption Basis:	Index Linked Redemption: [Applicable]/[Not Applicable] Equity Linked Redemption:[Applicable]/[Not Applicable]
19	Final Redemption Amount	As defined in paragraph 45 or paragraph 46 below
20	Early Redemption Amount	[As set out in the General Conditions] [other]
21	Issuer Call:	[Applicable] [Not Applicable]
	(i) Issuer Call Cash Amount:	[Cash Amount] [<i>specify other</i>] [Not Applicable]
	(ii) Issuer Call Commencement Date:	[•] [Not Applicable]
	(iii) Issuer Call Date:	[<i>specify</i>] [See Issuer Notice of Call]
	(iv) Issuer Call Notice Period:	[•] [Not Applicable]
22	Index Linked Redemption Notes:	[Applicable] [Not Applicable]
23	Equity Linked Redemption Notes:	[Applicable] [Not Applicable]
24	Correction Cut-Off Date:	[10 Stockholm]/[10 Helsinki]/[10 Copenhagen]/[8 Oslo]/[<i>specify other</i>] Business

25 Valuation Date:

Days prior to the Maturity Date.

[Valuation Date means the [●] calendar day of each month from and including [●] (Valuation Date₍₁₎) to and including [●] (Valuation Date_(s)) or the Final Valuation Date, or, if in the opinion of the Calculation Agent any such date is not a Scheduled Trading Day, in respect of the Underlying, the next following Scheduled Trading Day unless such day is a Disrupted Day for the Underlying.]/[As specified in the Table below]

Number (t)	Valuation Date	Postponed Valuation Date
0	[Strike Date]	Not Applicable
1	[●]	[●]/[Not Applicable]
2	[●]	[●]/[Not Applicable]
s	[Final Valuation Date]	[●]/[Not Applicable]

26 Number of Valuation Date(s):

[●]

27 Strike Averaging:

[Applicable]/[Not Applicable]

Where “Strike Averaging” is specified to be applicable, for the purpose of determining whether any date is a Strike Averaging Date, references in the Asset Conditions to the “Averaging Dates” shall be to the “Strike Averaging Dates” herein.

(If not applicable, delete remaining sub-paragraphs of this paragraph)

(i) Number of Strike Averaging Dates:

(ii) Strike Averaging Dates:

[●]/[Insert table setting out “Strike Averaging Dates”]

Valuation Date(t)	Number(y)	Strike Averaging Dates (m)
[●]	[●]	[●]

		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
	(iii) Adjustment Provisions in the event of a Disrupted Day	[Omission/Postponement/Modified Postponement]		
28	Final Averaging:	[Applicable]/[Not Applicable]		
		Where “Final Averaging” is specified to be applicable, for the purpose of determining whether any date is a Final Averaging Date, references in Asset Conditions to the “Averaging Dates” shall be to the “Final Averaging Dates” herein.		
		<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>		
	(i) Number of Final Averaging Dates:			
	(ii) Final Averaging Dates:	[●]/[Insert table setting out “Final Averaging Dates”]		
		Valuation Date(t)	Number(j)	Final Averaging Dates (k)
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
	(iii) Adjustment Provisions in the event of a Disrupted Day	[Omission/Postponement/Modified Postponement]		
29	Look-Back:	[Applicable]/[Not Applicable]		
		<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>		
	(i) Reference Price:	[Highest]/[Lowest]		
	(ii) Look-Back Valuation Time:	[Scheduled Closing Time]/[other]		
	(iii) Look-Back End Date:	[[●]/Not Applicable][Insert Table]		
	(iv) Look-Back Observation Date:	[[●]/Not Applicable][Insert Table]		
30	Look-Forward:	[Applicable]/[Not Applicable]		
		<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>		
	(i) Reference Price:	[Highest]/[Lowest]		

	(ii) Look-Forward Valuation Time:	[Scheduled Closing Time]/[other]															
	(iii) Look-Forward Start Date:	[[●]/Not Applicable] [<i>Insert Table</i>]															
	(iv) Look-Forward Observation Date:	[[●]/Not Applicable][<i>Insert Table</i>]															
31	Strike Date:	Strike Date means [●] or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless such day is a Disrupted Day <i>in</i> which case the provisions of the definition of “Valuation Date” in Asset Condition 1(c) or 2(e) shall apply as if references therein to the Valuation Date were to be the Strike Date.															
32	Dividend:	[Applicable]/[Not Applicable]															
33	Lock-in Level:	[[●] per cent.]/[Not Applicable]															
34	Revised Lock-in Level:	[[●] per cent.]															
35	Reserve Early Payment Event:	[Applicable]/[Not Applicable]															
36	Maximum Participation Rate (Participation Cap):	[[●] per cent.]															
37	Minimum Participation Rate (MPR(t)):	[[●] per cent.]/[As specified in Table below]															
		<table> <tr> <th>Valuation Date(t)</th><th>Minimum Participation Rate(t)</th><th>Minimum Participation Fixing Date(s)</th></tr> <tr> <td>1</td><td>[●] per cent.</td><td>[<i>State date</i>]</td></tr> <tr> <td>2</td><td>[●] per cent.</td><td>[<i>State date</i>]</td></tr> <tr> <td>3</td><td>[●] per cent.</td><td>[<i>State date</i>]</td></tr> <tr> <td>s</td><td>[●] per cent.</td><td>[<i>State date</i>]</td></tr> </table>	Valuation Date(t)	Minimum Participation Rate(t)	Minimum Participation Fixing Date(s)	1	[●] per cent.	[<i>State date</i>]	2	[●] per cent.	[<i>State date</i>]	3	[●] per cent.	[<i>State date</i>]	s	[●] per cent.	[<i>State date</i>]
Valuation Date(t)	Minimum Participation Rate(t)	Minimum Participation Fixing Date(s)															
1	[●] per cent.	[<i>State date</i>]															
2	[●] per cent.	[<i>State date</i>]															
3	[●] per cent.	[<i>State date</i>]															
s	[●] per cent.	[<i>State date</i>]															
38	Initial Participation Rate:	[[●] per cent.] /[The Initial Participation Percentage will be notified in accordance with Article 8 of the Prospectus Directive.]															
39	Performance Fee Rate:	[[●] per cent.]															
40	Divisor:	[[●] per cent.]/[The Divisor will be notified in accordance with Article 8 of the Prospectus Directive.]															
41	Divisor Participation Percentage:																
42	Cap:	[●]/[Not Applicable]															
43	Floor:	[0]/[●]															
44	Underlying Fees and Costs:	[●] per cent.]/[Not Applicable] [Specify any break-up of the Underlying Fees and Costs]															

45	Equity Linked Redemption Notes:	<i>(if not applicable, delete remaining sub-paragraphs)</i>
(i)	Description of the Underlying Equities:	[Specify]
	Underlying Equity / Underlying Equity Issuer (if applicable)	[•]
	Website	[•] <i>(specify relevant address of the Underlying Equity Issuer)</i>
	Bloomberg Code, Reuters RIC Code and ISIN	[•] <i>(specify relevant codes)</i> .
		Information about the past and further performance of the Underlying Equity and its volatility can be obtained from [•] <i>(clearly specify the relevant code, website address or other information source where such information can be obtained)</i> .
	Exchange	[•]
	Related Exchange	[•]
	Strike Level/Price	[•]
(ii)	Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery:	Cash Settlement
(iii)	Calculation Agent responsible for making calculations pursuant to Asset Condition 2:	The Royal Bank of Scotland N.V. 250 Bishopsgate London EC2M 4AA
(iv)	Potential Adjustment Events	Applicable
(v)	De-listing, Merger Event, Nationalisation and Insolvency:	Applicable
(vi)	Tender Offer:	Applicable
(vii)	Equity Substitution:	Applicable
(viii)	Correction of Underlying Equity Prices:	Correction of Underlying Equity Prices applies.
	Correction Cut-Off Date:	[•]
(ix)	Final Redemption Amount:	See Product Conditions
	Valuation Dates:	As specified above
	Reference Price:	Asset Condition 2(e) applies in relation to each

		Underlying Equity as if the Notes related to a single Underlying Equity and the Reference Price shall be determined by reference to the price of the relevant Underlying Equity at the Valuation Time on the relevant Valuation Date.
		In relation to the Strike Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Strike Averaging Dates”.
		In relation to the Final Valuation Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Final Averaging Dates”.
	Valuation Time:	Asset Condition 2(e) applies.
		In relation to the Strike Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Strike Averaging Dates”.
		In relation to the Final Valuation Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Final Averaging Dates”.
	(x) Other terms of special condition:	Asset Condition 2(b)(iii) shall not apply.
46	Index Linked Redemption Notes:	<i>(if not applicable, delete remaining sub-paragraphs)</i>
	(i) Description of the Index Strategy:	
	[1]	[NAME OF INDEX OR STRATEGY] [DESCRIPTION OF INDEX OR STRATEGY] Multi-Exchange Index: [Yes]/[No] Exchange(s): [●] [as determined by the

Calculation Agent in accordance with Condition 1]

Related Exchange(s): [●]

The X Percentage does [not] apply

[Bloomberg ticker code]/[Reuters RIC Code]:
[●]

Index/Strategy Sponsor: [●]/[The Royal Bank of Scotland plc]

Website: [●] (*specify the website address in respect of the Index*)

Information about the past and further performance of the Index and its volatility can be obtained from [●].(*clearly specify the relevant code, website address or other information source where such information can be obtained*)

- | | |
|---|---|
| (ii) Calculation Agent responsible for making calculations pursuant to Asset Condition 1: | The Royal Bank of Scotland N.V.
250 Bishopsgate
London EC2M 4AA |
| (iii) Exchange(s): | [●][As specified in relation to each Index, failing which, as determined by the Calculation Agent in accordance with Asset Condition 1.] |
| (iv) Final Redemption Amount: | See Product Conditions. |
| (v) Valuation Dates/Averaging Dates: | As specified above. |
| Reference Price: | Asset Condition 1(c) applies in relation to each Index as if the Notes related to a single Index and the Reference Price shall be determined by reference to the level of the relevant Index at the Valuation Time on the relevant Valuation Date.

In relation to the Strike Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Reference Price” to “Averaging Date” shall be to the “Strike Averaging Dates”.

In relation to the Final Valuation Date, references in the definition of “Reference Price” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, |

	references in the definition of “Reference Price” to “Averaging Date” shall be to the “Final Averaging Dates”.
Valuation Time:	The definition in Asset Condition 1(c) applies.
	In relation to the Strike Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Strike Date. If “Strike Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Strike Averaging Dates”.
	In relation to the Final Valuation Date, references in the definition of “Valuation Time” to “Valuation Date” shall be to the Final Valuation Date. If “Final Averaging” applies, references in the definition of “Valuation Time” to “Averaging Date” shall be to the “Final Averaging Dates”.
(vi) Correction of Index Levels:	Correction of Index Levels applies.
Correction Cut-Off Date:	[●]
(vii) Other terms or special conditions:	[None]/[specify]
47 Additional Disruption Events:	Applicable
(i) Change in Law:	Applicable
(ii) Hedging Disruption:	Applicable
(iii) Increased Cost of Hedging:	Applicable
(iv) Increased Cost of Stock Borrow:	Applicable
(v) Insolvency Filing:	Applicable
(vi) Loss of Stock Borrow:	Applicable
Other Conditions	
Terms and Conditions of the Offer	
48 Distributor:	[●] [To obtain more information about the offer, please contact [●] <i>[insert details of financial intermediary]</i>
49 Offeror:	[●]
50 Subscription Period	[●] to [●]
51 [Minimum Trading Size:	[●]]
52 Maximum Aggregate Nominal Amount of the Offer	[Up to] [●]
53 Minimum aggregate Nominal Amount to	[●]

	be purchased:	
54	Date for delivery of Notes to purchasers' respective book entry securities accounts:	On or around [●]
55	Date for payment for Notes (if made by wire transfer to the Distributor)	Not later than [●]
56	Commission charged by Distributor:	[Not greater than [●] per cent. of the Offer Price.] [Not applicable]
57	Right to cancel – Minimum Amount/ Minimum Issue Size:	[●]
Operational Information:		
58	ISIN Code:	[●]
59	Common Code:	[●]
60	Clearing System(s):	<p>[Euroclear Sweden AB, Box 7822 SE-103 97, Stockholm]</p> <p>[Finnish Central Securities Depository Ltd (Euroclear Finland) Urho Kekkosen katu 5 C 00101 Helsinki Finland]</p> <p>[Verdipapirsentralen ASA (VPS) Biskop Gunnerus' Gate 14A, Postboks 4, 0051 Oslo]</p> <p>[VP Securities A/S (VP Securities) Weidekampsgade 14 P.O. Box 4040 DK-2300 Copenhagen S]</p> <p>[Euroclear Netherlands] [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme]</p>
61	Clearing Agent:	<p>[Euroclear Finland][Euroclear Sweden][VPS][VP Securities] [(Euroclear Netherlands)]</p> <p>[Euroclear Bank S.A./N.V.]</p> <p>[Clearstream Banking, société anonyme]</p>
62	Registrar:	<p>[The Bank of New York (Luxembourg) S.A.]</p> <p>[Euroclear Finland][Euroclear</p>

- Sweden][VPS][VP Securities] [other]
- 63 Principal Agent: [The Royal Bank of Scotland N.V.
250 Bishopsgate
London EC2M 4AA]
- 64 Admission to Trading: [Yes]/[No]
- [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/specify] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Euronext Amsterdam/specify other]] with effect from [●].] [Not Applicable]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- [If the Issuer applies for the Notes to be admitted to the Official List of an EU Member State and/ or admitted to trading on a regulated market at any time following the end of the Subscription Period for the Notes, the Issuer shall be entitled to amend these Final Terms (without the consent of any Holder) so as to provide that references to the Base Prospectus (the “**Original Base Prospectus**”) shall be read as references to the Base Prospectus as supplemented, amended, updated and/or replaced as at the date of application for admission to the Official List and/or trading (save that the terms and conditions applicable to the Notes shall be those contained in the Original Base Prospectus).]
- 65 Market Making Arrangements: [Yes/No]
- [The Issuer will not enter into any contracts with any person to make a market in the Notes. The Distributor will under normal market conditions provide on a daily basis a purchase price and, if possible, a sale price. Such prices will only be valid on the relevant date. The purchase price will be determined at the sole discretion of the Distributor and may not reflect the market value of the Notes. The Distributor has no contractual

66 TEFRA Rules:

obligation to the Issuer to provide a purchase price and may discontinue the provision of purchase prices at any time.]*

Not Applicable] [TEFRA C Rules]/[TEFRA D Rules]

(If Registered Notes in dematerialised form, contemplate whether TEFRA C is applicable. Delete paragraph if TEFRA not applicable)

*Include if no market making arrangements specified.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised