

**The Royal Bank of Scotland N.V.**  
*(incorporated in The Netherlands with its statutory seat in Amsterdam)*

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BASE PROSPECTUS RELATING TO

**WARRANTS**

THE ROYAL BANK OF SCOTLAND N.V.

LAUNCHPAD PROGRAMME

DATED: 9 SEPTEMBER 2010

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PROSPECTIVE PURCHASERS OF THE SECURITIES DESCRIBED IN THIS BASE PROSPECTUS (THE “SECURITIES”) SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE SECURITIES AND THE EXTENT OF THEIR EXPOSURE TO THE RISKS ASSOCIATED WITH THE SECURITIES. THE MARKET PRICE AND / OR VALUE OF THE SECURITIES MAY BE VOLATILE AND HOLDERS OF THE SECURITIES MAY SUSTAIN A TOTAL LOSS IN THE VALUE OF THEIR INVESTMENT (UNLESS THE SECURITIES ARE OF A TYPE IN WHICH CAPITAL IS PROTECTED). PROSPECTIVE PURCHASERS NEED TO CONSIDER THE SUITABILITY OF AN INVESTMENT IN THE SECURITIES IN LIGHT OF THEIR OWN FINANCIAL, FISCAL, REGULATORY AND OTHER CIRCUMSTANCES. PLEASE REFER, IN PARTICULAR, TO THE SECTIONS “RISK FACTORS” IN THIS BASE PROSPECTUS AND IN THE REGISTRATION DOCUMENT FOR A MORE COMPLETE EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR POLITICAL SUBDIVISION OF THE UNITED STATES, AND MAY NOT BE EXERCISED, OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURITIES.

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”).

The Royal Bank of Scotland N.V. (the “**Issuer**”) accepts responsibility for the information contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to NYSE Euronext for Securities to be admitted to trading and listed on NYSE Euronext in Amsterdam (“**Euronext Amsterdam**”) up to the expiry of 12 months from the date of this Base Prospectus. In addition, Securities may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. The Issuer may also issue unlisted Securities.

References in this Programme to Securities being “**listed**” (and all related references) shall mean that such Securities will be admitted to trading and will be listed on Euronext Amsterdam or any other regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

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

The delivery of this document 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.

The distribution of this document and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of this document and other offering material relating to the Securities please refer to the section “Selling Restrictions” in this Base Prospectus.

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.

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.

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

The Issuer does not represent that this document may be lawfully distributed, or that Securities 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 Securities or possession or distribution of this Prospectus or any offering material in relation to the Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, 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 Securities and the distribution of this document and other offering material relating to the Securities please refer to the section "Selling Restrictions" in this Base Prospectus.

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## SUMMARY

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*This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Securities 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 named ABN AMRO Bank N.V.) (the “**Issuer**” or “**RBS N.V.**”) acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.

**History and Incorporation:**

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. 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. 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 The Royal Bank of Scotland Group (referred to as the “**Group**”, “**RBS**” or “**RBS Group**”).

**Overview:**

The Issuer is a bank licensed by the Dutch Central Bank (*De Nederlandsche Bank*). RBS Group 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 RBS 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, the RBS Group 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, The Royal Bank of Scotland Group plc's subsidiary Citizens is a large commercial banking organization. RBS Group 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; and
- Risk & Restructuring: The Non-Core Division in Risk & Restructuring contains assets that are no longer core to RBS Group'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 the RBS Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall businesses' strategies of the RBS Group.

**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 the RBS, 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.

RBS and the Dutch State agreed that the Dutch State acquired businesses would be legally separated from the residual RBS 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 the RBS



Group 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:**

In the context of its business activities, the Issuer is subject to various risks that are typical of the banking industry. Should certain risks materialise, this may adversely affect the business situation, financial condition and profits and losses of the Issuer and its subsidiaries and, consequently, the business situation, financial condition and profits and losses of RBS Holdings and, hence, the capacity (i) of the Issuer to meet its liabilities under the Securities towards the holders of Securities (the “**Holder**”), and/or (ii) of RBS Holdings to meet its obligations under the guarantee. Factors which can adversely affect the business situation, financial condition and profits and losses of the Issuer are *inter alia* (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.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities including (i) the value of the Securities may fluctuate based on the value of the Underlying, (ii) there may not be a secondary market in the Securities, (iii) holders of the Securities have no ownership interest in the Underlying and (iv) there may be limitations on a holder’s right to exercise the Securities or there may be delays in effecting settlement, see section *Risk Factors* in this Base Prospectus.

<b>Guarantor:</b>	RBS Holdings pursuant to its declaration under Article 2:403 of the Netherlands Civil Code.
<b>Principal Agent and Calculation Agent:</b>	RBS N.V. acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.
<b>Listing and Admission to Trading:</b>	Application will be made to NYSE Euronext or any other stock exchange or market specified in the Final Terms for Securities to be admitted to trading and listed on NYSE Euronext in Amsterdam or 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 Securities.
<b>Description of the Securities:</b>	<p>A range of warrants may be issued under this Base Prospectus. The terms and conditions (the “<b>Conditions</b>”) applicable to such warrants are contained in the general conditions (the “<b>General Conditions</b>”) which are applicable to all warrants, product conditions (the “<b>Product Conditions</b>”) applicable to the particular type of warrant being issued and the Final Terms (as defined in the Product Conditions) applicable to the particular Series (as defined in the Product Conditions) being issued.</p> <p>Warrants are investment instruments which, upon and subject to due exercise (including, in certain cases, payment of any strike price and expenses) in accordance with their Conditions, either pay an amount determined by reference to the value of the underlying currency, commodity, index and its constituent elements, stock, bond, basket or other product (together, the “<b>Underlying</b>”) on one or more specified days or deliver a defined amount of the Underlying, subject to the warrant entitlement. The types of warrants that may be issued under this Base Prospectus are described below.</p>
<b>Cash Settled Warrants:</b>	Cash settled warrants are warrants which, upon exercise, pay a cash amount determined by reference to the value of the Underlying on one or more specified days.

<b>Physically Settled Warrants:</b>	Physically settled warrants are warrants which, upon exercise, entitle the holder of the Warrants (the “ <b>Holder</b> ”) to delivery of a defined amount of the Underlying on one or more specified days against payment of the Strike Price (as defined below) and all applicable expenses as provided in the Product Conditions.
<b>Call Warrants:</b>	Call warrants are warrants which, upon exercise, entitle the Holder to payment of a cash amount or delivery of a defined amount of the Underlying, in each case determined by reference to the amount (if any) by which the value of the Underlying at exercise (the “ <b>Final Reference Price</b> ”) exceeds a pre-determined value of the Underlying (the “ <b>Strike Price</b> ”).
<b>Put Warrants:</b>	Put warrants are warrants which, upon exercise, entitle the Holder to payment of a cash amount or delivery of a defined amount of the Underlying, in each case determined by reference to the amount (if any) by which the Strike Price exceeds the Final Reference Price.
<b>American Style Warrants:</b>	American style warrants are warrants which may be exercised on any business day within the exercise period specified in the applicable Product Conditions and Final Terms (the “ <b>Exercise Period</b> ”).
<b>European Style Warrants:</b>	European style warrants are warrants which may only be exercised on a single day, being the Expiration Date.
<b>Commodity Warrants:</b>	Commodity warrants are warrants where the Underlying is a commodity. A range of commodities may become the Underlying in relation to a commodity warrant.
<b>Commodity Forward or Futures Warrants:</b>	Commodity forward or futures warrants are warrants where the Underlying is a forward or futures contract related to a commodity. A range of commodity forward or futures contracts may become the Underlying in relation to a commodity forward or futures warrant.
<b>Currency Warrants:</b>	Currency warrants are warrants where the Underlying is an exchange rate of two currencies. A range of currencies

may become the Underlying in relation to a currency warrant.

**Fund Warrants:**

Fund warrants are warrants where the Underlying is a fund. A range of funds may become the Underlying in relation to a fund warrant.

**Government Bond Futures Warrants:**

Government bond futures warrants are warrants where the Underlying is a futures contract related to a government bond. A range of government bond futures contracts may become the Underlying in relation to a government bond futures warrant.

**Index Warrants:**

Index warrants are warrants where the Underlying is an index. A range of indices may become the Underlying in relation to an index warrant.

**Single Stock Warrants:**

Single stock warrants are warrants where the Underlying is a share. A range of individual shares may become the Underlying in relation to a single stock warrant.

**Basket Warrants:**

Basket warrants are warrants linked to a basket of Underlyings. A range of Underlyings may constitute a basket.

**Certificate Warrants:**

Certificate Warrants are warrants where the Underlying is a certificate. A range of certificates may become the Underlying in relation to a Certificate Warrant.

**Rate Warrants:**

Rate Warrants are warrants where the Underlying is a rate. A range of rates may become the Underlying in relation to a Rate Warrant. A Rate Warrant may or may not bear interest.

**Indicative Issue Price:**

The Securities will be sold at a price determined by the Issuer who may, in making such determinations, refer to, amongst other factors, the level of the Underlying, the relevant warrant entitlement and any applicable foreign exchange rate(s).

<b>Exercise Period:</b>	Each American style Security may be exercised on any business day within the Exercise Period. European style Securities may only be exercised on a single day, being the Expiration Date.
<b>Interest:</b>	The Securities other than Rate Warrants do not bear interest.
<b>General Conditions</b>	Set out below is a summary of certain significant provisions of the General Conditions applicable to all Securities issued under this Base Prospectus.
<i>Status of the Securities:</i>	The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> 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.
<i>Early Termination:</i>	The Issuer may terminate any Securities 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 Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements.
<i>Hedging Disruption:</i>	If a Hedging Disruption Event (as defined in General Condition 5) occurs, the Issuer will at its discretion (i) terminate the Securities and pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements or (ii) make a good faith adjustment to the relevant reference asset as described in General Condition 5(c) or (iii) make any other adjustment to the Conditions as it considers

appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. The Issuer may make adjustments following any event likely to have a material adverse effect on the Issuer's hedge position, subject to the conditions set out in General Condition 5(d).

*Substitution:*

The Issuer may at any time, without the consent of the Holders substitute for itself as Issuer of the Securities, RBS Plc or any entity other than RBS Plc subject to the conditions set out in General Condition 8. 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.

*Events of Default:*

The terms of the Securities will contain the following events of default:

- (a) default in payment of any principal or interest due in respect of the Securities, continuing for a specified period of time;
- (b) non-performance or non-observance by the Issuer of any of its other obligations under the Securities continuing for a specified period of time; and
- (c) events relating to the winding up of the Issuer.

*Taxation:*

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 Securities 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.

**Product Conditions:**

Set out below is a summary of certain significant provisions of the Product Conditions applicable to the Securities to be issued under this Base Prospectus.

<i>Form of Securities:</i>	Except in the case of Securities issued in dematerialised form, Securities will be issued in global form. If SIX SIS Ltd is specified as Clearing Agent, Securities will, following their issuance, be transformed into intermediated securities in accordance with article 6 of the Swiss Federal Intermediated Securities Act.
<i>Exercise of Securities:</i>	Securities may be exercised on any Exercise Date (which, in the case of European Warrants, will be a single day). Any unexercised Securities may, if so specified in the applicable Product Conditions and Final Terms, be deemed to be automatically exercised if, on the last day for exercise thereof, the Final Reference Price is higher than the Strike Price (in the case of Call Warrants) or the Strike Price is higher than the Final Reference Price (in the case of Put Warrants). If not so specified, such Securities will become void. Notification of any automatic exercise will be made in the manner set out under “General Information”.
<i>Settlement of Securities:</i>	Securities may be cash or physically settled, as specified in the applicable Final Terms.
<i>Market Disruption Events:</i>	If a Market Disruption Event occurs Holders may experience a delay in settlement or delivery and the cash price paid on settlement and the value of the Underlying delivered may be adversely affected. Market Disruption Events are defined in Product Condition 4 for each type of Security and vary depending on the type of Security.
<i>Fund Event:</i>	If a Fund Event occurs, the Issuer or the Calculation Agent on its behalf, in each case acting in good faith and in a commercially reasonable manner, may adjust one or more of the Conditions to reflect the impact of the Fund Event. Fund Events are defined in Product Condition 4 for each type of Security (if applicable).
<i>Emerging Market Disruption Events:</i>	The Emerging Market Disruption Events reflect the substantial risks associated with investing in emerging markets in addition to those risks normally associated with

making investments in other countries. Potential investors should note that the securities markets in emerging market jurisdictions are generally substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. If an Emerging Market Disruption Event occurs Holders may experience a delay in settlement or delivery and the cash price paid on settlement may be adversely affected. Emerging Market Disruption Events are defined in Section 1 of the Product Conditions.

*Settlement Disruption Event:*

If a Settlement Disruption Event occurs in relation to a physically settled Security, the Holder may experience a delay in delivery of the Underlying and, where a cash price equivalent to the value of the Underlying is paid in lieu of delivery of the Underlying, the cash price paid may be adversely affected. Settlement Disruption Events are defined in the Product Conditions for Securities which may be physically settled and vary depending on the type of Security.

*Potential Adjustment Event:*

If a Potential Adjustment Event occurs the Calculation Agent may adjust one or more of the Conditions to account for the diluting or concentrative effect of the Potential Adjustment Event. Potential Adjustment Events are defined in Product Condition 4 for each type of Security (if applicable) and vary depending on the type of Security.

*De-listing:*

If a De-listing occurs the Calculation Agent may adjust one or more of the Conditions, including replacing the relevant Underlying, to account for such event. De-listing is defined in Product Condition 4 for each type of Security (if applicable).

*Governing Law:*

English law.

*English courts:*

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



**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 Security is set out in this Base Prospectus.

The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

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## RISK FACTORS

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*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Securities issued. 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 Securities issued are also described below.*

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

*Before making an investment decision with respect to any Securities, prospective investors 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 Securities and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*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 Securities issued**

Each potential investor in the Securities should refer to the Risk Factors section of the Issuer's registration document dated 1 July 2010 (the "**Registration Document**") incorporated by reference into this Base Prospectus for a description of those factors which may affect the Issuer's ability to fulfil its obligations under Securities issued.

### **Factors which are material for the purpose of assessing the market risks associated with Securities issued**

#### ***The Securities are warrants which entail particular risks***

Warrants are investment instruments which, upon and subject to due exercise (including payment of any strike price) either pay a cash amount determined by reference to the level of the Underlying or deliver a defined amount of the Underlying, subject to the warrant entitlement. Investors in American

style warrants should be aware that their entire investment may be lost in the event that during the Exercise Period either the Final Reference Price does not exceed the Strike Price (in the case of a Call Warrant) or the Strike Price does not exceed the Final Reference Price (in the case of a Put Warrant). Investors in European style warrants should be aware that their entire investment may be lost in the event that on the Exercise Date either the Final Reference Price does not exceed the Strike Price (in the case of a Call Warrant) or the Strike Price does not exceed the Final Reference Price (in the case of a Put Warrant). Since the Exercise Period of warrants is limited, unlike direct investments, investors are not able to hold warrants beyond the end of the Exercise Period in the expectation of a recovery in the price of the Underlying.

The price at which a Holder will be able to sell warrants prior to maturity or expiration may be at a potentially substantial discount to the market value of the warrants at the issue date, if, at such time and in addition to any other factors, the value of the Underlying is below, equal to or not sufficiently above (as the case may be) the Strike Price.

***The Securities may not be a suitable investment for all investors***

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information 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 Securities and the impact the Securities 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 Securities;
- (d) understand thoroughly the terms of the Securities 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 and its ability to bear the applicable risks.

Some Securities 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 potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a

financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

***The value of the Securities may fluctuate***

The value of the Securities may move up and down between their date of purchase and their exercise date. Holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities.

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

- (a) *Valuation of the Underlying.* The market price of the Securities at any time is expected to be affected primarily by changes in the level of the Underlying to which such Securities 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 value of the Underlying include 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 Securities 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 Securities 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 (including an Emerging Market Disruption Event) and/or no Potential Adjustment Events and/or no De-listing and/or no Fund Event which apply.
- (b) *Interest Rates.* Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities. 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 Securities at any time prior to valuation of the Underlying relating to the Securities.
- (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 factors, 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 Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities 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 Securities is to be made and any currency in which the Underlying is 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 any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any time thereafter.
- (e) *Disruption.* If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event (which includes Emerging Market Disruption Events), Fund Event, Potential Adjustment Event and/or De-listing has occurred or exists at a relevant time. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities. In addition, if so indicated in the Conditions, a Calculation Agent may determine that a Settlement Disruption Event has occurred or exists at any relevant time in relation to a physically settled warrant. Any such determination may cause a delay in delivery of the Underlying and, where a cash price equivalent to the value of the Underlying is paid in lieu of delivery of the Underlying, the cash price paid may be adversely affected.
- (f) Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.
- (g) *Creditworthiness.* Any person who purchases the Securities 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 Securities constitute general, unsecured, contractual obligations of the Issuer and of no other person. The Securities rank *pari passu* among themselves.

***There may not be a secondary market in the Securities***

Potential investors should be willing to hold the Securities through their life. The nature and extent of any secondary market in the Securities cannot be predicted. As a consequence any person intending to hold the Securities should consider liquidity in the Securities as a risk. If the Securities are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Securities were not so listed or quoted. However, if Securities 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 Securities by purchasing and holding the Securities for its own account during trading in the secondary market. Any such Securities may be resold at any time into the market.

The Issuer may, in its sole and absolute discretion, decide to offer a secondary market in the Securities. In the event that the Issuer elects to offer such secondary market, the Issuer shall be entitled to impose such conditions as it, in its sole and absolute discretion, shall deem fit, including but not limited to:

- (a) providing a large bid/offer spread determined by the Issuer in its sole and absolute discretion by reference to the Issuer's own appreciation of the risks involved in providing such secondary market;
- (b) normal market conditions prevailing at such date; and
- (c) limiting the number of Securities in respect of which it is prepared to offer such secondary market.

Holders should note that the imposition of any of the above conditions may severely limit the availability of any such secondary market and may result in Holders receiving significantly less than they otherwise would have received if the Securities were redeemed at maturity.

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more Securities than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such Securities for the purpose of meeting any investor interest in the future. Prospective investors in the Securities should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

In the event that such a secondary market does not develop, it is unlikely that an investor in the Securities will be able to sell his Securities or at prices that will provide him with a yield comparable to similar investments that have a developed secondary market.

***Purchasing the Securities as a hedge may not be effective***

Any person intending to use the Securities as a hedge instrument should recognise the correlation risk. The Securities may not be a perfect hedge to an Underlying or portfolio of which the Underlying forms a part. In addition, it may not be possible to liquidate the Securities at a level which directly reflects the price of the Underlying or portfolio of which the Underlying forms a part.

***Actions taken by the Issuer may affect the value of the Securities***

The Issuer and/or any of its affiliates may carry out activities that minimise its and/or their risks related to the Securities, 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 Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to 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 Securities and which could be deemed to be adverse to the interests of the Holders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Securities 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 may also make adjustments to the Conditions if it determines that an event has occurred which, whilst not a Hedging Disruption Event or other disruption event is likely to have a material adverse effect on the Issuer's Hedge Position. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

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

The Securities convey no interest in the Underlying. The Issuer may choose not to hold the Underlying or any derivatives contracts linked to the Underlying. There is no restriction through the issue of the Securities on the ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying or any derivatives contracts linked to the Underlying.

***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.

***There may be limitations on a Holder's right to exercise the Securities***

- (a) *Maximum Exercise Amount.* If so indicated in the Conditions, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the final exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any

date (other than the final exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a holder of Securities may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum (unless the Issuer otherwise elects), such Securities being selected as specified in the Conditions. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

- (b) *Minimum Exercise Amount.* If so indicated in the Conditions, a Holder may have to tender a specified minimum number of the Securities at any one time in order to exercise the Securities. Thus Holders with fewer than the specified minimum number of such Securities will either have to sell their Securities or purchase additional Securities, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Securities at that time is different from, in the case of Securities settled in cash (“**Cash Settled Securities**”), the applicable Cash Amount (as defined in the Product Conditions) or, in the case of Securities settled by way of physical delivery (“**Physical Delivery Securities**”), the applicable Share Amount (as defined in the Product Conditions).

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

- (c) *Integral Multiples.* A Holder must tender a number of Securities which is an integral multiple of the number specified in the applicable Final Terms at any one time in order to exercise the Securities. Thus Holders who wish to exercise Securities but do not have number of Securities which is such an integral multiple will either have to sell Securities or purchase additional Securities, incurring transaction costs in each case, in order to exercise, and may incur the risk that the trading price of the Securities at that time is different from, in the case of Cash Settled Securities, the applicable Cash Amount or, in the case of Physical Delivery Securities, the applicable Share Amount.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.



### ***There may be delays in effecting settlement***

If the Securities are subject to provisions relating to exercise, then upon their exercise, there will be a time lag between the time a holder of the Securities gives instructions to exercise and the time the applicable Cash Amount (if the Securities are Cash Settled Securities) relating to such exercise is determined. If the Securities are Physical Delivery Securities there will be a time lag following exercise of the Securities until the Share Amount is delivered to the relevant Holder's account. Any such delay between the time of exercise and the determination of the Cash Amount or delivery of the Share Amount will be specified in the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of such Securities arising from, as described above, any daily maximum exercise limitation or, as described above, any delay consequent upon the determination by the Calculation Agent that a Market Disruption Event (which includes Emerging Market Disruption Events) or a Settlement Disruption Event occurred at any relevant time. The applicable Cash Amount or Share Amount could decrease or increase from what it would have been but for such delay.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

If the Securities are subject to provisions concerning delivery of a Notice and such Notice is received by the relevant Clearing Agent, with a copy to the Principal Agent after the latest time specified in the Conditions, it will be deemed to be duly delivered on the next following Business Day. Such deemed delay may in the case of Cash Settled Securities increase or decrease the Cash Amount from what it would have been but for such deemed delivery. In the case of Securities which are exercisable on one day only or only during an exercise period any Notice, if not delivered by the latest time specified in the Conditions, shall be void.

If the Securities are subject to provisions concerning delivery of a Notice and such notice is received by either the relevant Clearing Agent, with a copy to the Principal Agent after the latest time specified in the Conditions, it will be deemed to be duly delivered on the next following Business Day. Such deemed delay may in the case of Cash Settled Securities increase or decrease the Cash Amount from what it would have been but for such deemed delivery. In the case of Securities which are exercisable on one day only or only during an exercise period any Notice, if not delivered by the latest time specified in the Conditions, shall, unless the Securities are automatically exercised in accordance with the applicable Product Conditions and Final Terms, be void.

The failure to deliver any certifications required by the Conditions could result in the loss or inability to receive amounts or deliveries otherwise due under the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

**Securities not exercised in accordance with the Conditions will (where exercise is required) expire worthless.**

***Taxes may be payable by investors***

Potential purchasers and sellers of the Securities 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 Securities are transferred. Holders are subject to the provisions of General Condition 9 and payment and/or delivery of any amount due in respect of the Securities will be conditional upon the payment of any Expenses as provided in the Product 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.

***No tax gross-up***

If payments on the Securities 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 9 - Taxation”.

***The Securities may be terminated prior to their stated date***

If the Issuer determines that the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason or the Issuer determines that it is no longer legal or practical for it to maintain its hedging arrangement with respect to the Securities for any reason, the Issuer may at its discretion and without obligation terminate early the Securities. If the Issuer terminates early the Securities, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Security 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 notwithstanding the illegality or impracticality.

***Risks associated with Securities held in global form***

The Securities will initially be held by or on behalf of one or more clearing systems specified in the applicable Final Terms (each a “**Relevant Clearing System**”), either in the form of a global bearer Security which will be exchangeable for definitive Securities 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 Securities are held by or on behalf of a Relevant Clearing System, payments of principal, interest (if any) and any other amounts will be made through the Relevant

Clearing System, where required, against presentation or surrender (as the case may be) of any relevant global Security and, in the case of a temporary global Security in bearer form, certification as to non-U.S. beneficial ownership. The risk is that the bearer or the registered holder, as the case may be, of the relevant global Security, typically a depositary or a nominee for a depositary for the Relevant Clearing System, or, in the case of Securities 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 Securities with respect to the payment of principal (if any), interest (if any) and any other amounts payable in respect of the Securities or any securities deliverable in respect of the Securities. Holders therefore are required to look to the Relevant Clearing System in respect of payments made to it by the Issuer in respect of Securities in global or dematerialised form.

Securities 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.

***Risk associated with nominee arrangements***

Where a nominee service provider is used by an investor to hold Securities or such investor holds interests in any Security through accounts with a Relevant Clearing System, such investor will receive payments in respect of 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 Securities 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 Securities 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.

***The return on an investment in Securities will be affected by charges incurred by investors***

An investor's total return on an investment in any Securities 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 Securities, 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 Securities.

***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 Securities should note that the courts of England and Wales shall have jurisdiction in respect of any disputes involving the Securities. Holders may, however, take any suit, action or proceedings arising out of or in connection with the Securities 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 Securities.

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

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Securities. 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 Securities. 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.

***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) Securities are legal investments for it, (ii) Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

***Modification, waivers and substitution***

The Issuer may decide to make modifications to the Securities without the consent of the Holders which may affect the Holders' interest either:

- (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 Securities in place of the Issuer, in the circumstances described in General Condition 8.

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## **RESPONSIBILITY STATEMENT**

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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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## ESSENTIAL CHARACTERISTICS OF THE ISSUER

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### History and incorporation

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. 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. 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 The Royal Bank of Scotland Group (referred to as the “**Group**”, “**RBS**” or “**RBS Group**”).

### Overview

The Issuer is a bank licensed by the Dutch Central Bank (*De Nederlandsche Bank*). RBS Group 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 RBS 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, the RBS Group operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, RBS Plc and Natwest. Both RBS Plc and

Natwest are major United Kingdom clearing banks whose origins go back over 275 years. In the United States, RBS Group's subsidiary Citizens is a large commercial banking organization. RBS Group 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; and
- Risk & Restructuring: The Non-Core Division in Risk & Restructuring contains assets that are no longer core to RBS Group'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 the RBS Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall businesses' strategies of the RBS Group.

### **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 the RBS, 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.

RBS and the Dutch State agreed that the Dutch State acquired businesses would be legally separated from the residual RBS 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 the RBS Group 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.

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## DOCUMENTS INCORPORATED BY REFERENCE

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The Issuer's registration document dated 1 July 2010 (the "**Registration Document**"), prepared in accordance with Article 5(3) of the Prospectus Directive which has been (1) previously published or is published simultaneously with this Base Prospectus and (2) filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft)*) 2007 (the "**Competent Authority**") shall be incorporated in, and form part of, this Base Prospectus.

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 publicly available consolidated financial statements of RBS Holdings in respect of the financial years ended 31 December 2009, 31 December 2008 and 31 December 2007 respectively and the auditor's reports for the respective years, as included in the annual report for those financial years;
- b) the Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this prospectus;
- c) 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;
- d) the publicly available press release in connection with the RBS Holdings N.V. first quarter 2010 financial results, dated 9 June 2010;
- e) 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
- f) the publicly available interim report in connection with the RBS Holding N.V. financial results of the first half year of 2010, published on 31 August 2010.

The Registration Document, copies of all other 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](mailto:investor.relations@rbs.com) or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

The Issuer will, 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 Securities, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Securities.

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## TAXATION

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

1. GENERAL

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

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 Securities.

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 or to certain limited types of entities established in that other Member State. However, for a transitional period, 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

#### General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.
- (iv) holders of Securities for whom the benefits from the Securities qualify for the participation exemption within the meaning of article 13 of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

This summary does not describe the consequences of a possible exchange or possible conversion of the Securities in shares or other equity instruments issued by the Issuer or a party related to the Issuer.

Where this summary refers to a holder of Securities, such reference is restricted to a holder holding legal title to as well as an economic interest in such Securities.

### **Withholding Tax**

All payments made by the Issuer under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Securities do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

### **Corporate and Individual Income Tax**

#### Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Securities, taxable income with regard to the Securities must be determined on the basis of a deemed return on income

from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Securities less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Securities will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

#### Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

- (i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25.5%.

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Securities which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise which is

effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under “Residents of the Netherlands”). The fair market value of the share in the profits of the enterprise (which includes the Securities) will be part of the individual’s Netherlands yield basis.

### **Gift and Inheritance Tax**

#### **Residents of the Netherlands**

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

#### **Non-residents of the Netherlands**

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax, unless in the case of a gift of the Securities by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands.



## **Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

## **Other Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

### **4. UNITED KINGDOM**

**The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law and United Kingdom HM Revenue & Customs ("HMRC") practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Securities. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Securities depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Securities will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities. Prospective Holders of Securities who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.**

## **Withholding Tax**

*Securities issued otherwise than through the Issuer's London branch*

Payments of interest on these Securities may be made without withholding on account of United Kingdom income tax.

*Securities issued by the Issuer's London branch*

Payments made in respect of the Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as either interest or annual payments for United Kingdom tax purposes.

Even if such payments were to be regarded as interest or annual payments for United Kingdom tax purposes, the Issuer should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Securities provided that the Securities are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009 (which broadly they should be provided that they are derivatives for the purposes of FRS25 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of that Act by virtue of their underlying subject matter).

If interest payable on the Securities or if payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer's London branch is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**ITA 2007**"), such payments may be made without withholding or deduction for or on account of United Kingdom income tax where the interest is paid in the ordinary course of the Issuer's London branch's business within the meaning of section 878 ITA 2007.

Payments of interest on or in respect of the Securities may also be made without deduction of or withholding for or on account of United Kingdom income tax if the Securities are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA 2007. The Euronext Amsterdam is a recognised stock exchange. The Securities will therefore satisfy this requirement if they are (a) officially listed in the Netherlands in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Euronext Amsterdam, or (b) admitted to trading on another "recognised stock exchange" and officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided, therefore, that the Securities are and remain so listed, interest on the Securities will be payable without withholding or deduction for or on account of United Kingdom income tax whether or not the Issuer's London branch carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities 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 Securities 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 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 or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of the Securities is less than 365 days and those Securities 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 or in respect of Securities issued by the Issuer's London branch 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 Securities, HMRC can issue a notice to the Issuer's London branch to pay interest to the Holder of the Securities 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**

Irrespective of whether the Securities are issued by the Issuer's London branch, Holders of the Securities 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 Securities. 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 Securities (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 2011. 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 Securities is resident for tax purposes.

## **Stamp Taxes**

For the purposes of the following paragraphs, “**Exempt Loan Capital**” means any security which constitutes loan capital (“**Loan Capital**”) for the purposes of section 78 of the Finance Act 1986 (“**FA 1986**”) and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise) that are not Exempt Loan Capital; (b) has not carried and does not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (c) has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (d) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange.

### *Stamp duty on the issue of Securities*

In relation to Securities in bearer form which are denominated in sterling and which are not Loan Capital, a charge to United Kingdom stamp duty at 1.5 per cent. of the value of such Securities may arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Securities if issued outside the United Kingdom. However, in relation to Securities of that kind originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent. of the value of such Security may arise. Furthermore, the issue of a Security which has characteristics of an option or any instrument granting such a Security may be subject to United Kingdom stamp duty. However, no stamp duty liability will arise on the issue or transfer of such Securities which constitute an interest in, a right to an allotment of or to subscribe for, or an option to acquire or to dispose of Exempt Loan Capital.

### *Stamp duty on the transfer of Securities*

No United Kingdom stamp duty should be required to be paid on transfers of Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring a Security on sale of the Security which is executed in the United Kingdom or which (if not executed in the United Kingdom) relates to any matter or thing done or to be done in the United Kingdom may be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities if the Securities are either not Loan Capital and do not constitute an interest in, a right to an allotment of or to subscribe for, or an option to acquire or to dispose of Exempt Loan Capital or are Loan Capital but are not Exempt Loan Capital.

*Stamp duty reserve tax (“SDRT”) on the issue of Securities to a Clearance Service*

No SDRT should be payable in relation to the issue of a Security to any person providing a clearance service, or a nominee for any such person, within the meaning of section 96 FA 1986 (a “**Clearance Service**”) unless the Final Terms of that Security entitle the Holder of the Security to physical settlement and the Underlying consists of shares which are paired with shares (which are not “newly subscribed shares” as defined in section 99(12) FA 1986) issued by a body corporate incorporated in the United Kingdom.

Except where an election has been made under which the alternative system of charge as provided for in section 97A FA 1986 (a “**s97A Election**”) applies, SDRT at a rate of 1.5 per cent may be payable on the issue or transfer of a Security to a Clearance Service where the Final Terms of that Security entitle the Holder of the Security to physical settlement and the Underlying consists of shares which are paired with shares (which are not “newly subscribed shares” as defined in section 99(12) FA 1986) issued by a body corporate incorporated in the United Kingdom.

The ECJ has found in C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty’s Revenue & Customs (Case C-569/07) that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance system. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance system within the EU. It is not clear the extent to which this decision applies to the Securities or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

*SDRT on the transfer of Securities held within a Clearance Service*

SDRT should generally not be payable in relation to an agreement to transfer a Security held within a Clearance Service provided that no s97A Election has been made.

*SDRT on the transfer of Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election has been made*

In the case of Securities held outside a Clearance Service or Securities held within a Clearance Service where a s97A Election has been made, no SDRT should be payable in relation to any agreement to transfer a Security unless the Final Terms of that Security entitle the Holder of the Security to physical settlement and the Underlying consists of either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form.

In the case of Securities held outside a Clearance Service or Securities held within a Clearance Service where a s97A Election has been made, SDRT should generally be payable in relation to any agreement to transfer a Security where the Final Terms of that Security entitle the Holder of the Security to physical settlement and the Underlying consists of either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form. SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Securities, unless the transfer is to a depositary for a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent..

*Stamp duty and SDRT on the exercise or redemption of the Securities*

Stamp duty and SDRT may also be payable on the transfer of an asset on physical settlement of the Securities.

5. LUXEMBOURG

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

**TAXATION OF THE HOLDERS OF SECURITIES**

**Withholding Tax**

**(i) Non-resident holders of Securities**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the “**Laws**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “**Territories**”), payments of interest or similar income made or ascribed by a paying agent

established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

## **(ii) Resident holders of Securities**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the “**Law**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10 per cent.

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## SELLING RESTRICTIONS

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*The statements which follow are of a general nature. Potential purchasers in each jurisdiction must ensure that they are able validly to take delivery of the Securities 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 Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, 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 completed 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 Securities specify that an offer of those Securities 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 Securities 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 Securities to the public**” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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

Securities 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 Securities 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 Securities, 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

No Securities 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 Securities 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 Securities 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 Securities, 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**”). Securities 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 Securities subject to the C Rules to agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, the Securities 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 Securities will represent and agree that in connection with the original issuance of such Securities 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 Securities. 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 CEA.

#### **Notice to Purchasers and Holders of Restricted Securities and Transfer Restrictions**

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

- (a) that trading in the Securities 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 Securities 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 Securities 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 Securities 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 Securities 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 Securities have not been registered under

the Securities Act, that trading in the Securities 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 Securities, 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 Security 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 Securities will bear a legend to the following effect unless otherwise agreed to by the Issuer:

**THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND THE SECURITIES MAY NOT BE EXERCISED, OFFERED, SOLD, TRANSFERRED OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURITIES.**

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 Securities in, from or otherwise involving the United Kingdom.

6. INDIA

Any purchase of the Securities relating to or linked to securities listed on a stock exchange in India or indices that reference such securities should be made on the understanding that the purchaser shall be deemed to acknowledge, represent, warrant and undertake to the Group that:

- (a) it consents to the provision by the Group to any Indian governmental or regulatory authority of any information regarding it and its dealings in the Securities as required under applicable Indian regulations and/or as requested by any Indian governmental or regulatory authority;
- (b) it agrees to promptly provide to the Group, or directly to the relevant Indian governmental or regulatory authority (and confirm to the Group when it has done so), such additional information that the Group deems necessary or appropriate in order for the Group to comply with any such regulations and/or requests;
- (c) the Securities are not being purchased for the account of or pursuant to or in connection with any back-to-back transaction with: (i) a Person Resident in India as the term is used in the Foreign Exchange Management Act, 1999; or (ii) a “Non-Resident Indian”, a “Person of Indian Origin” or an “Overseas Corporate Body”, as such terms are used in the Foreign Exchange Management (Deposit) Regulations 2000 as notified by the Reserve Bank of India; or (iii) any entity or person that is not regulated (as such term is used in the Securities and Exchange Board of India (Foreign Institutional Investors Amendment) Regulations, 2004) (each, a “**Restricted Entity**”) or a nominee of a Restricted Entity;
- (d) it is not a Restricted Entity or a nominee of a Restricted Entity;
- (e) it will not, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Securities to or for the account of any Restricted Entity or to any nominee of any Restricted Entity; and
- (f) any sale, transfer, assignment, novation or other disposal of the Securities by it, whether direct or indirect, will be subject to the acquiring entity giving substantially the same representations and warranties to it as set out in sub-paragraphs (c) to (f) (inclusive).

The Securities have not been approved by the Securities and Exchange Board of India, Reserve Bank of India or any other regulatory authority of India, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. This Base Prospectus has not been and will not be registered as a prospectus or a statement in lieu of prospectus with the Registrar of Companies in India.

Prospective investors must seek legal advice as to whether they are entitled to subscribe to the Securities and must comply with all relevant Indian laws in this respect. Each investor is deemed to have acknowledged and agreed that it is eligible to invest in the Securities under applicable laws and regulations and that it is not prohibited under any law or regulation in India from acquiring, owning or selling the Securities.

## 7. HONG KONG

The Securities may not be offered or sold in Hong Kong, by means of any document, other than (i) to persons whose ordinary business is to buy and sell shares and debentures (whether as principal or agent); or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder (the “SFO”); or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance. Unless permitted to do so under the laws of Hong Kong, no Holder may issue or have in its possession for the purpose of issue any advertisement, invitation or document relating to the Securities whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to the Securities intended to be disposed of only to persons outside Hong Kong, or only to “professional investors” within the meaning of the SFO.

## 8. SINGAPORE

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor specified in Section 274 of the SFA; (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the

conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Securities, namely a person who is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Securities under Section 275 of the SFA except:

- (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA;
- (ii) where no consideration is given for the transfer;
- (iii) by operation of law; or
- (iv) pursuant to Section 276(7) of the SFA.

## 9. TAIWAN

The Securities may not be sold, offered or issued in Taiwan unless they are made available for purchase through the non discretionary trust services of licensed Taiwan banks or the brokerage services of licensed Taiwan brokers acting as trustees or agents, as applicable, of their customers and not as agent of the Issuer or any other party.

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## GENERAL INFORMATION

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### **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 Securities, to the Group Asset and Liability Committee pursuant to a resolution dated 1 April 2010. In addition, the issue of Securities 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 Securities.

### **Listing**

Application will be made to NYSE Euronext or any other stock exchange or market for Securities 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 NYSE Euronext in Amsterdam or any other stock exchange or market. Certain Securities issued under this Base Prospectus may not be listed. For so long as the Securities are listed on NYSE Euronext in Amsterdam and NYSE Euronext requires so there will be a paying agent in The Netherlands. ABN AMRO Bank N.V. MF 2020 Kemelstede 2, P.O. Box 3200, 4800 DE Breda, The Netherlands, 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 Agent:

- (a) the most recent Articles of Association of the Issuer;
- (b) the consolidated audited financial statements of RBS Holdings N.V. 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) a copy of the Registration Document;
- (e) a copy of 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](mailto:investor.relations@rbs.com) or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

### **Clearing and settlement systems**

The Securities have been accepted for clearance through Clearstream Banking AG (“**Clearstream AG**”), Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“**Euroclear Netherlands**”), Euroclear Bank, S.A./N.V. (“**Euroclear Luxembourg**”), Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and SIX SIS Ltd (“**SIX SIS Ltd**”). The appropriate WKN, Common Code, International Securities Identification Number and Valoren for each Series allocated by Clearstream AG, Euroclear Netherlands, Euroclear, Luxembourg, Clearstream, Luxembourg and SIX SIS Ltd, and any other relevant security code allocated by any other relevant clearing system, will be specified in the applicable Final Terms. If the Securities are to clear through an additional or alternative clearing system the appropriate additional or alternative information will be specified in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

### **Information on the Offering of the Securities**

#### **(a) Offer Process**

For a short period prior to the Launch Date specified in the applicable Final Terms, the Securities of the relevant Series may be offered by the Issuer for subscription to prospective investors but the Issuer reserves the right to close subscription early. The Issuer anticipates that it will deliver the Final Terms in respect of each Series of the Securities which are to be admitted to trading and listed on NYSE Euronext in Amsterdam or any other stock exchange prior to the commencement of the Subscription Period specified in the Final Terms or prior to the Launch Date specified in the Final Terms if there is no Subscription Period. On or about the Launch Date the Issuer will, pursuant to its agreement with NYSE Euronext or any other stock exchange, as the case may be, offer to buy or sell the Securities of any Series to be admitted to trading and listed on NYSE Euronext in Amsterdam or any other stock exchange (as applicable). Any such trading, if any, will be on an as, if and when issued basis until the Issue Date specified in the applicable Final Terms. Except in the case of dematerialised or SIS cleared Securities, the Securities will be issued in global bearer form and all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions.

Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as the Issuer may decide. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

**(b) Description of the Application and Payment Process for a Prospective Purchaser**

Applications for Securities may be made by a prospective purchaser through any broker, financial adviser, banker, financial intermediary or other agent acting in such a capacity (each a “**Selling Agent**”) which has a relationship with the Issuer governing the sale of the Securities. Pursuant to anti-money laundering regulations, prospective purchasers who are not an existing client of a Selling Agent may be required by their Selling Agent of choice to complete an anti-money laundering form and to provide further evidence of identification in advance of applying for any Securities.

Each prospective purchaser should ascertain from its Selling Agent of choice when that Selling Agent will require receipt of cleared funds from its clients in respect of applications for Securities and the manner in which payment should be made to the Selling Agent. Each Selling Agent may impose different arrangements relating to the purchase of Securities and prospective investors should contact the Selling Agents directly for information concerning such arrangements. Applicants for Securities who arrange to purchase the Securities through a Selling Agent should note that in doing so they are assuming the credit risk of the relevant Selling Agent and that such arrangements will be subject to the applicable conditions of the relevant Selling Agent.

**(c) Conditions to Which the Offer is Subject**

The offer, in respect of a particular Series of Securities is subject to the Conditions as set out in this Base Prospectus, the relevant Final Terms and any document incorporated by reference (see “Document Incorporated by Reference”).

**(d) Minimum/Maximum Application Amount**

Investors are required to subscribe for a minimum of one (1) Security and thereafter in multiples of one (1) Security unless otherwise specified in the relevant Final Terms in respect of the relevant Series of the Securities. There is no maximum subscription amount unless otherwise stated in the relevant Final Terms in respect of the relevant Series of the Securities.

**(e) Scale-back and Cancellation**

The Issuer reserves the right, prior to the Issue Date, in its absolute discretion to:

1. decline in whole or in part an application for Securities such that a prospective purchaser for Securities may, in certain circumstances, not be issued the number of (or any) Securities for which it has applied (“**Scale-back**”); or

2. withdraw, cancel or modify the offer of the Securities (“**Cancellation**”).

The Issuer may Scale-back or Cancel the Securities without notice and will notify prospective investors of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Securities are not issued, no subscription monies shall be payable by prospective purchasers to the Issuer (either directly or indirectly through a Selling Agent (as defined above)) in respect of the Securities. Prospective purchasers should contact their Selling Agent of choice for details of the arrangements for the return of application monies in such circumstances. The Issuer shall have no responsibility for, or liability arising out of, the relationship between prospective purchasers and their respective Selling Agents and clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

**(f) Details of the Manner in Which the Results of the Initial Offer are to be Made Public**

A prospective investor submitting an offer to purchase Securities will be notified of the acceptance or otherwise of such application on or prior to the Issue Date.

**(g) Categories of Investors to which Securities are Offered**

The Securities will be offered to both retail and qualified investors.

**(h) Expenses and Taxes**

Any expenses are described in the relevant Product Conditions and Final Terms for the relevant Series and will be deducted accordingly. For further information on taxes, please refer to the section titled “Taxation”.

**(i) Post-issuance information**

The Issuer does not intend to provide any post-issuance information.

**(j) Description of the Securities**

Warrants are investment instruments which, upon and subject to due exercise (including, in certain cases, payment of any strike price and expenses) in accordance with their conditions, either pay an amount determined by reference to the value of the underlying currency, commodity, index (including in the case of an index, the index and its constituent elements), stock, bond, basket or other product on one or more specified days or deliver a defined amount of the Underlying, subject to the warrant entitlement. The types of warrants that may be issued under this Base Prospectus are described below.

Cash settled warrants are warrants which, upon exercise, pay a cash amount determined by reference to the value of the Underlying on one or more specified days.

Physically settled warrants are warrants which, upon exercise, entitle the holder of the Warrants (the “**Holder**”) to delivery of a defined amount of the Underlying on one or more specified days against payment of the Strike Price (as defined below) and all applicable expenses as provided in the Product Conditions.

Call warrants are warrants which, upon exercise, entitle the Holder to payment of a cash amount or delivery of a defined amount of the Underlying, in each case determined by reference to the amount (if any) by which the value of the Underlying at exercise (the “**Final Reference Price**”) exceeds a pre-determined value of the Underlying (the “**Strike Price**”).

Put warrants are warrants which, upon exercise, entitle the Holder to payment of a cash amount or delivery of a defined amount of the Underlying, in each case determined by reference to the amount (if any) by which the Strike Price exceeds the Final Reference Price.

American style warrants are warrants which may be exercised on any business day within the exercise period specified in the applicable Product Conditions and Final Terms (the “**Exercise Period**”).

European style warrants are warrants which may only be exercised on a single day, being the Expiration Date.

Commodity warrants are warrants where the Underlying is a commodity. A range of commodities may become the Underlying in relation to a commodity warrant.

Commodity forward or futures warrants are warrants where the Underlying is a forward or futures contract related to a commodity. A range of commodity forward or futures contracts may become the Underlying in relation to a commodity forward or futures warrant.

Currency warrants are warrants where the Underlying is an exchange rate of two currencies. A range of currencies may become the Underlying in relation to a currency warrant.

Fund warrants are warrants where the Underlying is a fund. A range of funds may become the Underlying in relation to a fund warrant.

Government bond futures warrants are warrants where the Underlying is a futures contract related to a government bond. A range of government bond futures contracts may become the Underlying in relation to a government bond futures warrant.

Index warrants are warrants where the Underlying is an index. A range of indices may become the Underlying in relation to an index warrant.

Single stock warrants are warrants where the Underlying is a share. A range of individual shares may become the Underlying in relation to a single stock warrant.

Basket warrants are warrants linked to a basket of Underlyings. A range of Underlyings may constitute a basket.

Certificate Warrants are warrants where the Underlying is a certificate. A range of certificates may become the Underlying in relation to a Certificate Warrant.

Rate Warrants are warrants where the Underlying is a rate. A range of rates may become the Underlying in relation to a Rate Warrant. A Rate Warrant may or may not bear interest.

### **Third Party Information**

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.

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## CONDITIONS: GENERAL CONDITIONS

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*The General Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions and the Final Terms. The Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities or attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.*

### 1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product 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 Securities which do not bear interest. References in these General Conditions to the Conditions shall mean these General Conditions and, in relation to any Securities, the Product Conditions applicable to those Securities.

### 2. STATUS

The Securities 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. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities 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 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 Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to

the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

4. NOTICES

- (a) Notices to Holders shall be given by the delivery of the relevant notice to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such notice to the Holders. The Issuer shall also ensure that notices are duly published, to the extent required, in a manner which complies (i) with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or in the country in which such Securities have been admitted to trading and (ii) with any relevant legislation.
- (b) Any such notice issued pursuant to General Condition 4(a) by being delivered to the Clearing Agent(s) will be deemed to have been given on the date of the delivery of such notice to the Clearing Agent(s). Any such notice issued pursuant to General Condition 4(a) by being published will be deemed to have been given on the date of the first publication (for the avoidance of doubt, such notice having been published by any valid means) or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

5. HEDGING DISRUPTION

- (a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a): (i) if it determines that a Hedging Disruption Event has occurred; and (ii) of the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).
- (b) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if the Issuer acting in good faith and in a commercially reasonable manner, determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer or any Hedge Provider wholly or partially to (i) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of a relevant hedging transaction (a “**Relevant Hedging Transaction**”) or asset it deems necessary, appropriate or desirable to hedge the Issuer’s obligations in respect of the Securities or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). The reasons for such determination by the Issuer may include, but are not limited to, the following:

- (i) the Issuer or any Hedge Provider will, whether directly or indirectly, incur a material increase (as compared with circumstances existing on the Issue Date) in the amount of tax, duty, expense (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) or fee (other than brokerage commissions) provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or the Hedge Provider shall not be considered for the purposes of this sub-paragraph (i); or
- (ii) any material illiquidity in the market for, or any mandatory redemption in whole or in part of, the relevant instruments (the “**Disrupted Instrument**”) which from time to time are included in the reference asset to which the Securities relate; or
- (iii) a change in any applicable law or regulation (including, without limitation, any tax law) or the promulgation of, or 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); or
- (iv) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
- (v) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

In the Conditions:

“**Hedge Position**” means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in reference assets to which the Securities relate, securities, options, futures, derivatives or foreign exchange, (ii) securities lending transactions or (iii) other instruments or arrangements (however described) by the Issuer in order to hedge the Issuer’s risk of issuing, and performing its obligations with respect to, the Securities; and

“**Hedge Provider**” includes but is not limited to the Issuer, any associate, subsidiary or affiliate thereof and/or The Royal Bank of Scotland plc and/or any other party(ies) and/or any special purpose vehicle(s) holding or entering into a Hedge Position in connection with the Issuer’s hedging arrangements in respect of the Securities.



- (c) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. 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 Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date (if applicable), any such amount to be paid under this General Condition shall not be less than the present value of such 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 Holder in accordance with General Condition 4;
  - (ii) make an adjustment in good faith to the relevant reference asset by removing the Disrupted Instrument at its fair market value (which may be zero). Upon any such removal the Issuer may: (A) hold any notional proceeds (if any) arising as a consequence thereof and adjust the terms of payment and/or delivery in respect of the Securities; or (B) notionally reinvest such proceeds in other reference asset(s) if so permitted under the Conditions (including the reference asset(s) to which the Securities relate);
  - (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such adjustment will in no way affect the Issuer's obligations to make payment to the Holders not less than the minimum assured return of principal and/or interest or coupons on the relevant Settlement Date or Maturity Date, or Interest Payment Date, as applicable.

- (d) The Issuer may also make adjustments to the Conditions if it determines that an event has occurred which, whilst not a Hedging Disruption Event or other disruption event as specified in Product Condition 4, is likely to have a material adverse effect on the Issuer's Hedge Position. Where the Issuer makes adjustments to the Conditions pursuant to this General Condition 5(d), the Issuer shall notify the Holders thereof and shall offer to purchase from Holders for a period of not less than 10 days any Securities held by them at their fair market value (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the proposed adjustment) less the cost to the Issuer of unwinding any related hedging arrangements.

#### 6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any affiliate may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, surrendered for cancellation or reissued or resold, and Securities so reissued or resold shall for all purposes be deemed to form part of the original series of Securities.
- (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 securities so as to be consolidated with and form a single series with the Securities.
- (c) Prescription. Any Security 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 Securities 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.

#### 7. 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 Securities, 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 Securities replicate as closely as possible investments in the assets underlying the Securities 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 Securities 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 Securities.
- (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. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## 8. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time without the consent of the Holders substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities:
  - (A) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, 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 4; 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 4; 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 Securities 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 4; 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 Securities 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 Security held by such Holder an amount calculated by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Where the Securities 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 4;

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 Securities 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 4 to change the office through which it is acting and shall specify the date of such change in such notice.

## 9. 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 Securities. In relation to each Security 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 Securities 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 or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities 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.

## 10. REPLACEMENT OF SECURITIES AND COUPONS

If any Security 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 4) 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 Securities and Coupons must be surrendered before replacements will be issued. This General Condition will not apply to Securities issued in dematerialised form.

11. 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 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Securities shall be redenominated in euro. The election will have effect as follows:
- (i) 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 Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
  - (ii) 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
  - (iii) 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 4 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 11(a) and/or General Condition 11(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.

## 12. AGENTS

- (a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any 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 Securities 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 Securities 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 Conditions. 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 4. 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 Securities 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 or such other Calculation Agent as specified in the applicable Final Terms, shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent or assignee as approved by the Issuer) in respect of the Securities 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 4.

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 Securities 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.

13. SURRENDER OF UNMATURED COUPONS

Each Security should be presented for redemption, where applicable, together with all unmatured Coupons relating to it. Upon the due date for redemption of any Security, 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 Securities issued in dematerialised form.

14. 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.

15. GOVERNING LAW AND JURISDICTION

- (a) The Securities and any non-contractual obligations arising out of or in connection with the Securities, are governed by and shall be construed in accordance with English law.



- (b) The courts of England have exclusive jurisdiction to settle any dispute (including any dispute relating to any non-contractual obligations) (a “**Dispute**”) arising from or in connection with the Securities).
- (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.

#### 16. METHOD OF PAYMENT

For purposes of any payment on a Security, 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 Security 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).

#### 17. 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 Securities 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 Securities 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 relevant 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 Securities.

## 18. EVENTS OF DEFAULT

If any one or more of the following events (each an “**Event of Default**”) shall occur and be continuing:

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Securities; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Securities 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) an order is made or an effective resolution is passed for the winding up of the Issuer (excluding a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation in connection with which The Royal Bank of Scotland Group plc or any of its subsidiaries assumes the obligations of the Issuer as principal debtor in respect of the Securities),

then any Holder may, by written notice to the Issuer at the specified office of the Principal Agent, effective upon the date of receipt thereof by the Principal Agent, declare the Security held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as defined below), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

“**Early Redemption Amount**” means an amount calculated by the Calculation Agent as the fair market value of the Security immediately prior to such Event of Default. Where the Securities contain provisions which provide a minimum assured return of principal, 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 under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons, such present value being determined by the Calculation Agent.

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO COMMODITY WARRANTS

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be

approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

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

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

**“Exchange”** means the exchange or the quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the price of the Commodity quoted on the Reuters Page specified as such in the definition of the relevant Series in the applicable Final Terms at the Valuation Time on the Valuation Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines relevant;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

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

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

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

“**Strike Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

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

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.



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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights

to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are

specified as American Style Securities in the definition of the Series in the applicable Final Terms and if an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its

income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the

Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (l) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection

with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

**Market Disruption.** The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

**“Market Disruption Event”** means:

- (a) **Price Source Disruption.** The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) **Trading Suspension.** The material suspension of trading on the Exchange or any Related Exchange; or
- (c) **Disappearance of Price.** The failure of trading to commence, or the permanent discontinuation of trading of the Commodity, on the Exchange; or
- (d) **Material Change in nature of or pricing method.** The occurrence, since the Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
- (e) **Material Change in Content.** The occurrence, since the Launch Date, of a material change in the content or composition of the Commodity; or
- (f) **De Minimis Trading.** The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or a material reduction in, trading in the Commodity on the Exchange; or
- (g) **Tax Disruption.** The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

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

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

#### 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO COMMODITY FORWARD CONTRACTS AND**  
**COMMODITY FUTURES CONTRACTS WARRANTS**

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;



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

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

**“Exchange”** means the exchange or the quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms or, if Final Reference Price is not so specified, an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to the Reference Asset Price quoted on the Exchange at the Valuation Time on the Valuation Date, adjusted for any reasonable market making spreads, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines relevant;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

**“Reference Asset”** means the Reference Asset specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Reference Asset Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future’s point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series in the applicable Final Terms and if no such page reference exists, such other page reference as the Calculation Agent determines;

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

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

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the

Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

**“Strike Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**“Trading Day”** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Valuation Date”** means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market

Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised

securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the

Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms and if an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) **Cash Settlement.** Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) **Notice.** All payments shall be subject to the delivery of a duly completed notice (a "**Notice**") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;



- (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such notice in any applicable administrative or legal proceedings.
- (f) **Verification.** In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
  - (g) **Settlement.** The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
  - (h) **Determinations.** Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is

not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions, shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by

the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (l) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

A “**Market Disruption Event**” means:

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset, on the Exchange; or
- (d) Material Change in nature of or pricing method. The occurrence, since the Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Reference Asset Price; or
- (e) Material Change in Content. The occurrence, since the Launch Date, of a material change in the content or composition of the Reference Asset; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or

- (g) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
- (h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect to it on any exchange or principal trading market; or
- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located; or
- (j) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

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

## 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS RELATING TO CURRENCY WARRANTS**

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be

approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms or, if Final Reference Price is not so specified, an amount equal to the price of the Underlying FX Rate quoted on Screen Page at the Valuation Time on the Valuation Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Underlying FX Rate on such date having regard to the then prevailing market conditions, the last reported trading price of the Underlying FX Rate and such other factors as the Calculation Agent determines relevant;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;



**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

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

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

**“Standard Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus,

Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

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

“**Strike Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Underlying FX Rate**” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means the Exercise Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Underlying FX Rate and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the

unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms and if an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.
- (b) **Cash Settlement.** Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following

Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading

Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (l) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (a) Price Source Disruption. If it becomes impossible to obtain the Underlying FX Rate on the Valuation Date in the inter-bank market; or
- (b) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (c) Inconvertibility/non-transferrability. The occurrence of any event which (i) generally makes it impossible to convert the currencies in the Underlying FX Rate through customary legal channels for conducting such conversion in the principal financial centre of the Strike Currency or (ii) generally makes it impossible to deliver the Strike Currency from accounts in the country of the principal financial centre of the Strike Currency to accounts outside such jurisdiction or the Strike Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (d) Nationalisation. Any expropriation, confiscation, requisition, nationalization or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates), of all or substantially all of its assets in the country of the principal financial centre of the Strike Currency; or



- (e) Illiquidity. Any impossibility in obtaining a firm quote for the Underlying FX Rate or the Strike Currency for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (f) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

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

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

## 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO FUND WARRANTS

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

### 1. DEFINITIONS

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all

or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

(vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

(vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or

(viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

(ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

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

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

**“Exchange”** means, with respect to a Fund which is an exchange traded fund, each exchange or quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to that exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of the Fund as quoted by the fund manager of the Fund or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange at the Valuation Time, in each case for the Valuation Date, as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of the relevant Fund or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange in each case for such date having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

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

**“Fund”** means the fund specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Fund Administrator”** means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

**“Fund Adviser”** means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

**“Fund Documents”** means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset specifying the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

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

**“Fund Prospectus”** means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

**“Fund Service Provider”** means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

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

**“Hedging Agreement”** means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

**“Inclusion Date”** means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

**“Merger Event”** means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) 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 shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“NAV”** means net asset value;

**“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;

**“Portfolio Guidelines”** means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

**“Reference Asset”** means the relevant interests specified as such in the definition of the relevant Series in the applicable Final Terms or, where the Reference Assets are not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund;

**“Related Exchange”** means, with respect to a Fund which is an exchange traded fund, an options or future exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the relevant Fund are traded;

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

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

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

**“Relevant Party”** means each of the Fund and the Fund Adviser;

**“Replacement Fund”** means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with clause 4(b)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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



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

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

**“Strike Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**“Substitution Date”** means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

**“Trading Day”** means (i) in respect of a Fund, any day on which dealing in the Fund can take place (or, but for the occurrence of a Fund Event, could have taken place) and (ii) in respect of a Fund that is an exchange traded fund any day that is (or, but for the occurrence of a Fund Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Valuation Date”** means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) an Emerging Market Disruption Event has occurred on any such day, in which case the applicable Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Emerging Market Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is an Emerging Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Emerging Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Emerging Market Disruption Event); and (ii) the Issuer or the Calculation Agent on its behalf shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(b) shall apply and the Valuation Date shall be adjusted accordingly; and

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer or the Calculation Agent on its behalf may select and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

- (a) **Global Form.** Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be

automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms and if a Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a

corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable).

All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (l) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

- (i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund’s portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies

as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are



subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.

- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) 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 organization or the jurisdiction of its head or home office, a proceeding seeking a judgment 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 (II) has instituted against it a proceeding seeking a judgment 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, and such proceeding or petition is instituted or presented by a person or entity not described in clause 4(a)(i)(E)(c)(I) above and in the case of this clause 4(a)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator,

conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 4(a)(i)(E)(a) through 4(a)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or

it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.

- (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
- (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

(ii) NAV/Price and Reporting:

- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.
- (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has

previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.

- (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make

any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or

(iv) Trading and Fees:

- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
- (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
- (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
- (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:
  - (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
  - (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,

or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.

- (v) Fund Adviser and Fund Service Provider Failures:
  - (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
  - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.
  - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
  - (D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.
- (vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in subparagraphs (i) to (v) above.
- (b) Consequences of a Fund Event. In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):
  - (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines

appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or

- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this clause 4(b)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted



Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(b), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(c) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to

deem the return of such shares to be based on a benchmark or average of the different classes.

- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.
- (d) The Issuer shall give notice in accordance with General Condition 4 of any calculation or determination made by it or the Calculation Agent pursuant to this Product Condition 4 as soon as practicable after it has been made. The Issuer shall make available for inspection by Holders copies of any such calculations and determinations.

## 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO GOVERNMENT BOND FUTURES WARRANTS**

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be

approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any);

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all

or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

(vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

(vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or

(viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

(ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

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

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

**“Exchange”** means the exchange or the quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms or, if Final Reference Price is not so specified, an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to the closing Reference Asset Price on the Exchange (Floor Trading) at the Valuation Time on the Valuation Date, adjusted for any reasonable market-making spreads, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines relevant;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

**“Reference Asset”** means the reference asset specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Reference Asset Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future’s point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series in the applicable Final Terms, and if no such page reference exists, such other page reference as the Calculation Agent determines;

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

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

**“Relevant Currency Exchange Rate”** means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the

Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

**“Strike Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**“Trading Day”** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Valuation Date”** means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market



Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported Reference Asset Price on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the close of trading on the Exchange (Floor Trading) or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised

securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the

Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms and if an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;

- (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such notice in any applicable administrative or legal proceedings.
- (f) **Verification.** In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
  - (g) **Settlement.** The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
  - (h) **Determinations.** Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is

not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions, shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by

the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (l) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset, on the Exchange; or
- (d) Material Change in nature of or pricing method. The occurrence, since the Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Reference Asset Price; or
- (e) Material Change in Content. The occurrence, since the Launch Date, of a material change in the content or composition of the Reference Asset; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or

- (g) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Launch Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Reference Asset on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
- (h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect to it on any exchange or principal trading market; or
- (i) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (j) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates), of all or substantially all of its assets in the country of the Governmental Authority; or
- (k) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located; or

- (l) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

For this purpose a “**Governmental Authority**” is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country to which the Reference Asset is in fact referenced.

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

#### 5. EFFECT OF FINAL TERMS

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



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**CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX WARRANTS**

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be

approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

**“Exchange”** means each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the **“Shares”**) to compute the Index or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to the level of the Index at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

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

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

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

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

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

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

**“Strike Price”** means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**“Trading Day”** means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

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

“**Valuation Time**” means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

- (a) **Global Form.** Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the



applicable Final Terms, be deemed to be automatically Exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) **Cash Settlement.** Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) **Notice.** All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an

individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable).

All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (l) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

“**Market Disruption Event**” means: (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

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

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the

regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below:
- (i) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
  - (ii) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor fails to calculate and/or publish the Index then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.
  - (iii) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not, in the opinion

of the Calculation Agent, made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of the Shares of: (aa) Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; or (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.

- (iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such

adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

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

#### 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO SINGLE STOCK WARRANTS

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if the Securities are specified as Cash Settled Securities in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;



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

**“Delivery Details”** means, if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and where applicable, the account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

**“Disruption Cash Settlement Price”** means, in relation to any Security which is specified as a Physical Delivery Security in the definition of the relevant Series in the applicable Final Terms, the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any related hedging arrangement, all as determined by the Issuer;

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

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

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

“**Exchange**” means the exchange or the quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the price of the Share quoted on the Exchange at the Valuation Time on the Valuation Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

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

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

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

**“Settlement Disruption Event”** means, if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, an event which, in the determination of the Issuer, is beyond the control of the Issuer and as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

**“Share”** means the share specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4 and **“Shares”** shall be construed accordingly;

**“Share Amount”** means, if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, the number of Shares specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4, multiplied by the Entitlement. If the Share Amount is an amount comprising a fraction of any Share, the Holder will receive a Share Amount comprising the nearest whole number (rounded down) of Shares (taking into account that a Holder’s entire holding may be aggregated at the Issuer’s discretion for the purpose of delivering the relevant Share Amounts), and an amount in the Settlement Currency (determined using the Exchange Rate if an Exchange Rate is applicable) equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Reference Price;

**“Share Company”** means the company specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Standard Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland,

Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

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

“**Strike Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

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

“**Valuation Time**” means the close of trading on the relevant Exchange in relation to the Share or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in

which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

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

### 3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to be automatically Exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and if a Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.
- (b) **Settlement.** Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, either (i) if the Securities are specified as Physical



Delivery Securities in the definition of the relevant Series in the applicable Final Terms, the Share Amount subject to payment of the Strike Price and any Expenses (“**Share Settlement**”) or (ii) if the Securities are specified as Cash Settled Securities in the definition of the relevant Series in the applicable Final Terms, the Cash Amount.

- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Share Amount, Disruption Cash Settlement Price or Cash Amount, as applicable.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, irrevocably instruct the Clearing Agent to debit on the Valuation Date a specified account with the Clearing Agent with the aggregate amount of the Strike Price and Expenses in respect of such Securities (together with any other amounts payable);
  - (v) specify the number of the account with the Clearing Agent to be credited with any Cash Amount or, as the case may be, Disruption Cash Settlement Price and any dividends payable pursuant to Product Condition 3(o);

- (vi) if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, include the Delivery Details;
  - (vii) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (viii) authorise the production of such notice in any applicable administrative or legal proceedings.
- (f) Late Delivery of Notice. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and if the Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Settlement Date (the date of delivery in relation to a Share Amount whether on or after the Settlement Date being for the purposes of the Conditions the “**Delivery Date**”) in the manner provided below. For the avoidance of doubt, no holder of Securities or any other person shall

be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Settlement Date due to such Notice (or the copy thereof) being delivered after close of business on the Exercise Date as provided above. In the event that a Holder does not, in respect of a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Notice as set out above, prior to the date that is 30 calendar days after the Settlement Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount in respect of such Security in the open market or otherwise at a price determined by the Issuer, in its sole discretion, to be the fair market value of the Shares multiplied by the Entitlement (if an Entitlement is specified in the definition of the relevant Series in the applicable Final Terms) and shall hold the proceeds (the “**Realised Share Amount**”) for the account of the relevant Holder, until presentation of the relevant Notice. Upon payment of the Realised Share Amount as aforesaid, the Issuer’s obligations in respect of such Security shall be discharged.

- (g) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (h) Delivery of the Share Amount. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and subject as provided in the Conditions, the delivery of the Share Amount shall be made at the risk of the relevant Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. 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 respect of the Shares comprised in any Share Amount in the register of members of the Share Company.
- (i) Settlement. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and subject as provided in the Conditions and to payment to it of the Strike Price and any applicable Expenses, the Issuer shall deliver or cause delivery of the Share Amount for such duly exercised Securities on the Settlement Date, such delivery to be made at the risk of the relevant Holder. The Share Amount shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. 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 respect

of the Shares comprised in any Share Amount in the register of members of the Share Company.

If the Securities are specified as Cash Settled Securities in the definition of the relevant Series in the applicable Final Terms, the Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

- (j) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (k) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (l) Expenses. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, all Expenses in respect

of each Security shall be for the account of the relevant Holder and any delivery and/or transfer of any Share Amount shall not be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.

- (m) Settlement Disruption. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and if prior to delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event then, in lieu of Share Settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that notice of such election is given to the Holders in accordance with General Condition 4. 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 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred.

No Holder or any other person shall be entitled to any payment in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

- (n) Intervening Period. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, for such period of time after the Exercise Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or

any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.

- (o) Dividends. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Notice.
- (p) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (q) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount paid in connection with the Securities will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (r) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection

with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (ii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

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

- (b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Share Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Shares.



- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (ii) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares 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 determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
  - (iii) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related

Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**“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 any (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (iii) take-over 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 Shares that results in a transfer of, or an irrevocable commitment to transfer, a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Determination Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

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

## 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO STOCK BASKET WARRANTS

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

**“Closing Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Share, the price as quoted at the close of trading on the Exchange as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of such Share having regard to the then prevailing market conditions, the last reported trading price of the Share and such other markets factors as the Calculation Agent determines relevant;

**“Delivery Details”** means, if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and where applicable, the account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

**“Disruption Cash Settlement Price”** means, in relation to any Security which is specified as a Physical Delivery Security in the definition of the relevant Series in the applicable Final Terms, the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any related hedging arrangement, all as determined by the Issuer;

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to,

(A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

(iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

(v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

(vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

(vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or

(viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

(ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the

Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

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

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

**“Exchange”** means the exchange or the quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the sum of the products of the following calculations performed in relation to each Share in the Basket:

Closing Price x Weight;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the



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

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

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

“**Securities**” means each Series of the warrants specified in the applicable Final Terms and each such warrant a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

“**Settlement Disruption Event**” means, if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, an event which, in the determination of the Issuer, is beyond the control of the Issuer and as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

“**Share**” means each of the Shares specified as such in the definition of Basket for the relevant Series in the applicable Final Terms, subject to Product Condition 4 and “**Shares**” shall be construed accordingly;

“**Share Amount**” means, if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, in relation to each Share the number of Shares specified as such in the definition of Basket in the relevant Series in the applicable Final

Terms, subject to adjustment in accordance with Product Condition 4, multiplied by the Entitlement. If the Share Amount is an amount comprising a fraction of any Share, the Holder will receive a Share Amount comprising the nearest whole number (rounded down) of Shares (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amounts), and an amount in the Settlement Currency (determined using the Exchange Rate if an Exchange Rate is applicable) equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Reference Price;

**"Share Company"** means for each Share the share company specified as such in the definition of Basket for the relevant Series in the applicable Final Terms;

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

**"Strike Currency"** means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

**"Strike Price"** means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**"Trading Day"** means, with respect to the basket, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on all the Exchanges and any Related Exchanges other than a day on which trading on the Exchanges or any Related Exchanges is scheduled to close prior to its regular weekday closing time;

**"Valuation Date"** means the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day with respect to any Share in which case, in respect of such Share, the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

“**Weight**” means, if the Securities are specified as Cash Settled Securities in the definition of the relevant Series in the applicable Final Terms, in relation to each Share, and subject to adjustment in accordance with Product Condition 4, the number specified as such in the definition of Basket for the relevant Series in the applicable Final Terms.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be

automatically exercised if (in the case of Call Warrants) the Final Reference Price is more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms and if an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, either (i) if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, the Share Amount subject to payment of the Strike Price and any Expenses (“**Share Settlement**”) or (ii) if the Securities are specified as Cash Settled Securities in the definition of the relevant Series in the applicable Final Terms, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Share Amount, Disruption Cash Settlement Price or Cash Amount, as applicable.
- (e) The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;

- (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- (iv) if the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, irrevocably instruct the Clearing Agent to debit on the Valuation Date a specified account with the Clearing Agent with the aggregate amount of the Strike Price and Expenses in respect of such Securities (together with any other amounts payable);
- (v) specify the number of the account with the Clearing Agent to be credited with any Cash Amount or, as the case may be, Disruption Cash Settlement Price and any dividends payable pursuant to Product Condition 3(o);
- (vi) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (vii) authorise the production of such notice in any applicable administrative or legal proceedings.

- (g) Late Delivery of Notice. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and if the Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Settlement Date (the date of delivery in relation to a Share Amount whether on or after the Settlement Date being for the purposes of the Conditions the “**Delivery Date**”) in the manner provided below. For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Settlement Date due to such Notice (or the copy thereof) being delivered after close of business on the Exercise Date as provided above. In the event that a Holder does not, in respect of a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Notice as set out above, prior to the date that is 30 calendar days after the Settlement Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount in respect of such Security in the open market or otherwise at a price determined by the Issuer, in its sole discretion, to be the fair market value of the Shares multiplied by the Entitlement (if an Entitlement is specified in the definition of the relevant Series in the applicable Final Terms) and shall hold the proceeds (the “**Realised Share Amount**”) for the account of the relevant Holder, until presentation of the relevant Notice. Upon payment of the Realised Share Amount as aforesaid, the Issuer’s obligations in respect of such Security shall be discharged.
- (h) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (i) Delivery of the Share Amount. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and subject as provided in the Conditions, the delivery of the Share Amount shall be made at the risk of the relevant Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. 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 respect of the Shares comprised in any Share Amount in the register of members of the Share Company.
- (j) Settlement. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and subject as provided in the Conditions and to payment to it of the Strike Price and any applicable

Expenses, the Issuer shall deliver or cause delivery of the Share Amount for such duly exercised Securities on the Settlement Date, such delivery to be made at the risk of the relevant Holder. The Share Amount shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. 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 respect of the Shares comprised in any Share Amount in the register of members of the Share Company.

If the Securities are specified as Cash Settled Securities in the definition of the relevant Series in the applicable Final Terms, the Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

- (k) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions, shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.



- (l) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (m) Expenses. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, all Expenses in respect of each Security shall be for the account of the relevant Holder and any delivery and/or transfer of any Share Amount shall not be made until all Expenses in respect thereof have been paid to the satisfaction of the Issuer.
- (n) Settlement Disruption. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms and if prior to delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event then, in lieu of Share Settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that notice of such election is given to the Holders in accordance with General Condition 4. 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 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred.

No Holder or any other person shall be entitled to any payment in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

- (o) Intervening Period. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, for such period of time after the Exercise Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be

under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.

- (p) Dividends. If the Securities are specified as Physical Delivery Securities in the definition of the relevant Series in the applicable Final Terms, any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Notice.
- (q) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (r) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable).

All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (s) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on the Exchange or any other exchange on which the Shares are traded; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (ii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

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

- (b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine

whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

- (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
- (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares 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 determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
- (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and

precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and the action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**“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 any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over 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 Shares that results in a transfer of, or an irrevocable commitment to transfer, a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or

other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

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

## 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX BASKET WARRANTS

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

“**Cash Amount**” means, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses.

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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



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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

**“Exchange”** means each exchange or quotation system from which each Index Sponsor takes the prices of the shares that comprise the Index (the **“Shares”**) to compute the Index or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Basket Level”** means, unless for the relevant Series “Final Basket Level” is specified in the applicable Final Terms as being “Not Applicable”, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount in respect of each Index (which shall be deemed to be a monetary value in the Strike Currency) equal to the arithmetic mean of the levels of such Index at the Valuation Time on the Valuation Dates as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

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

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

**“Index”** means each index specified as such in the definition of the Basket in the applicable Final Terms, subject to Product Condition 4;

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

**“Initial Basket Level”** means, unless for the relevant Series “Initial Basket Level” is specified in the applicable Final Terms as being “Not Applicable”, the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Initial Reference Price”** means, unless for the relevant Series “Initial Reference Price” is specified in the applicable Final Terms as being “Not Applicable”, the level specified as such in the definition of the Basket or in the definition specified as such in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

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

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the

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

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

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

“**Securities**” means each Series of the warrants specified in the applicable Final Terms and each such warrant a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

“**Strike Currency**” means the currency specified as such in the definition of the Basket in the applicable Final Terms;

“**Strike Price**” means, unless for the relevant Series “Strike Price” is specified in the applicable Final Terms as being “Not Applicable”, the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

“**Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant; “**Valuation Time**” means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Weight**” means (if applicable) for each Index, and subject to adjustment in accordance with Product Condition 4, the percentage specified as such in the definition of Basket in the applicable Final Terms.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with

respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of,

Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to be automatically Exercised if in the case of Call Warrants or in the case of Put Warrants the calculation of the Cash Amount is greater than zero and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.
- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.



- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or

in regulations adopted under the United States Commodity Exchange Act;  
and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.

- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (l) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

“**Market Disruption Event**” means: (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by

reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

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

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

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below:
  - (i) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
  - (ii) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to

maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor fails to calculate and/or publish the Index then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

- (iii) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not, in the opinion of the Calculation Agent, made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of the Shares of: (aa) Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared

intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. Per annum of the then current market value of the Shares; or (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.

- (iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.
- (c) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO INFLATION INDEX WARRANTS

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

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

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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



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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

**“Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to the level of the Index for the relevant Valuation Month, published by the Index Sponsor, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index for the relevant Valuation Month having regard to the last published level of the Index and such other factors as the Calculation Agent determines relevant;

**“Relevant Number of Months”** means the number of months specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

“**Strike Price**” means, unless for the relevant Series “Strike Price” is specified in the applicable Final Terms as being “Not Applicable”, the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4; and

“**Valuation Month**” means each month specified as such in the definition of the relevant Series in the applicable Final Terms unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred with respect to any month in which case that Valuation Month shall be the first succeeding calendar month for which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Months immediately following the original month which (but for the Market Disruption Event ) would have been the Valuation Month. In that case (i) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the level of the Index having regard to the then prevailing market conditions, the last published level of the Index and such other factors as the Calculation Agent determines to be relevant.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with

respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of,

Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to be automatically Exercised if in the case of Call Warrants or in the case of Put Warrants the calculation of the Cash Amount is greater than zero and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.
- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or

in regulations adopted under the United States Commodity Exchange Act;  
and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (i) Delivery of a Notice. Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.

- (j) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (k) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (l) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

A “**Market Disruption Event**” means the Index Sponsor fails to calculate and announce the level of the Index.

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), or (iii) below:
- (i) If the Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but in a way acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant Index will be deemed to be the Index so calculated and announced by that successor index, as the case may be.
  - (ii) If (A) on or prior to the Valuation Month there is a material change in the formula for or the method of calculating the Index or the Index Sponsor in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events) then the Calculation Agent shall (a) determine the Reference Price using, in lieu of a published level for the Index, the level for the Index as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner or (b) shall deem such modified Index to be the Index so calculated and announced or (c) shall terminate the Securities by giving notice in accordance with General Condition 4.
  - (iii) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the relevant exchange.



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

## 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO INFLATION INDEX WARRANTS II

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “Agents”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

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

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interim Amount”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interim Payment Date, an amount calculated by the Calculation Agent in accordance with the formula specified in the definition of the relevant Series in the applicable Final Terms;

**“Interim Payment Dates”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

**“Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to the level of the Index for the relevant Valuation Month, published by the Index Sponsor, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index for the relevant Valuation Month having regard to the last published level of the Index and such other factors as the Calculation Agent determines relevant;

**“Relevant Number of Months”** means the number of months specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the warrants specified in the applicable Final Terms and each such warrant a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

“**Strike Price**” means, unless for the relevant Series “Strike Price” is specified in the applicable Final Terms as being “Not Applicable”, the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4; and

“**Valuation Month**” means each month specified as such in the definition of the relevant Series in the applicable Final Terms unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred with respect to any month in which case that Valuation Month shall be the first succeeding calendar month for which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Months immediately following the original month which (but for the Market Disruption Event) would have been the Valuation Month. In that case (i) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the level of the Index having regard to the then prevailing market conditions, the last published level of the Index and such other factors as the Calculation Agent determines to be relevant.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of

a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by

the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

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

## 2. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(f) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to be automatically Exercised if in the case of Call Warrants or in the case of Put Warrants the calculation of the Cash Amount is greater than zero and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and an Notice is delivered in the manner set out in Product Condition 3(f) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Interim Payment. If “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security entitles its holder to receive from the Issuer, on each Interim Payment Date, the Interim Amount (if applicable).
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Interim Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise



primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the

Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (k) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (l) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection

with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

3. ADJUSTMENTS

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

A “**Market Disruption Event**” means the Index Sponsor fails to calculate and announce the level of the Index.

- (b) **Adjustments to Index.** The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), or (iii) below:
  - (i) If the Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but in a way acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant Index will be deemed to be the Index so calculated and announced by that successor index, as the case may be.
  - (ii) If (A) on or prior to the Valuation Month there is a material change in the formula for or the method of calculating the Index or the Index Sponsor in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events) then the Calculation Agent shall (a) determine the Reference Price using, in lieu of a published level for the Index, the level for the Index as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner or (b) shall deem such modified Index to be the Index so calculated and announced or (c) shall terminate the Securities by giving notice in accordance with General Condition 4.
  - (iii) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding

any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the relevant exchange.

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

#### 4. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO CERTIFICATE WARRANTS**

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Entitlement}$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Entitlement}$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be

approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

**“Exchange”** means, with respect to each Underlying, the exchange or quotation system specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the Underlying value as quoted by the manager of the Underlying for the Valuation Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such NAV can be determined and no Underlying Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the NAV of the Underlying for such date having regard to the then prevailing market conditions, the last reported trading price of the Underlying and such other factors as the Calculation Agent determines relevant;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

**“Market Disruption Event”** means a market disruption event as defined in accordance with Product Condition 4;

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;



**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

**“Participation Rate”** means, with respect to each Warrant, 1 such participation rate as specified in the definition of the relevant Series in the applicable Final Terms;

**“Potential Adjustment Event”** means a potential adjustment event as defined in Product Condition 4;

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

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

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

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

**“Strike Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**“Trading Day”** means any day on which dealing in the Underlying takes place; and

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

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

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

**“Valuation Time”** means the official close of trading on the Exchange unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the Series in the applicable Final Terms, the Securities are only exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms, the Securities are exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(e) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the Series in the applicable Final Terms, be deemed to be automatically exercised if (in the case of Call Warrants) the Final Reference Price is

more than the Strike Price and (in the case of Put Warrants) the Strike Price is more than the Final Reference Price and (ii) if Automatic Exercise is not specified in the definition of the Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the Series in the applicable Final Terms and if an Notice is delivered in the manner set out in Product Condition 3(e) after the Exercise Time on any Business Day during the Exercise Period, it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (e) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount;
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the

United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that an Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

**Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.

- (i) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (j) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (k) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with a the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “Market Disruption Event” means:
  - (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
    - (A) in the Underlying on the Exchange or any other exchange on which the Underlyings are traded; or
    - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Underlyings on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
  - (ii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

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

- (b) Potential Adjustment Events. Following a declaration by the issuer of the Underlying of the terms of any Potential Adjustment Event, the Calculation Agent will determine



whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Underlying and, if so, will:

- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any event that may have a diluting or concentrative effect on the theoretical value of the Underlying.

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

## 5. EFFECT OF FINAL TERMS

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

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## CONDITIONS: PRODUCT CONDITIONS RELATING TO REFERENCE RATE WARRANTS

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

### 1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “Agents”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

$$\text{Entitlement} \times \text{Max} (\text{Final Reference Price} - \text{Strike Price}, 0)$$

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

$$\text{Entitlement} \times \text{Max} (\text{Strike Price} - \text{Final Reference Price}, 0)$$

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be

approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Denomination**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or

substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

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

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

**“Exercise Date”** means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

**“Exercise Period”** means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Reference Rate at the Valuation Time on the Valuation Date as determined by the Calculation Agent by reference to information published on the Screen Page without regard to any subsequently published correction provided that if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on the Valuation Date, then the Final Reference Price will be the Reference Rate as determined by the Calculation Agent in accordance with Product Condition 4;

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

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

**“Integral Multiple”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interim Amount”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Interim Period and each Denomination, an amount calculated by the Calculation Agent as follows:

$$\text{Denomination} \times \text{Interim Rate} \times \text{Interim Rate Day Count Fraction};$$

**“Interim Payment Dates”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interim Period”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interim Payment Date and each period commencing on (and including) an Interim Payment Date to (but excluding) the next following Interim Payment Date;

**“Interim Rate”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interim Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interim Rate Day Count Fraction”** means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that the Interim Amount shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified 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;

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

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

**“Maximum Exercise Number”** means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Minimum Exercise Number”** means the number specified as such in the definition of the relevant Series 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 (TARGET 2) System is open;

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

**“Reference Banks”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, such number of leading dealers in the London interbank market which ordinarily provide quotes for the Reference Rate, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as is specified as such in the definition of the relevant Series in the applicable Final Terms, which Reference Banks shall be selected by the Issuer in its absolute discretion;

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

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

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

**“Screen Page”** means each of the pages specified as such in the definition of Reference Rate in the definition of the relevant Series in the applicable Final Terms and **“Screen Pages”** shall be construed accordingly;

**“Securities”** means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

**“Standard Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland,

Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

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

“**Strike Price**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Valuation Date**” means the Exercise Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Calculation Agent shall determine the Final Reference Price in accordance with Product Condition 4; and

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## 2. FORM

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



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

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Exercise. The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the

definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(f) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to be automatically Exercised if in the case of Call Warrants or in the case of Put Warrants the calculation of the Cash Amount is greater than zero and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and an Notice is delivered in the manner set out in Product Condition 3(f) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.

- (b) Cash Settlement. Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount
- (c) Interim Payment. If “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security entitles its holder to receive from the Issuer, on each Interim Payment Date, the Interim Amount (if applicable). The Interim Amount is calculated by reference to the relevant Interim Rate, Interim Period and the Interim Period Day Count Fraction and is payable on each Interim Payment Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(f) at or prior to the Exercise Time on the Interim Payment Date shall, if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to have a duly completed Notice.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following

Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

- (e) General. In the absence of gross negligence or willful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Interim Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a "Notice") to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent. A Notice shall:
  - (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
  - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
  - (iv) specify the number of the account with the Clearing Agent to be credited with any Cash Amount and/or Interim Amount (if any);
  - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, "U.S. person" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per Cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading

Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (k) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (l) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

A “**Market Disruption Event**” means the situation in which a Reference Rate is not available on the relevant Screen Page, in which case the relevant rate shall be

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

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

## 5. EFFECT OF FINAL TERMS

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

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FORM OF FINAL TERMS

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DATED [ ]



# The Royal Bank of Scotland N.V.

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

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[NUMBER] [UNDERLYING] [TYPE OF PRODUCT] [WARRANTS]

[INDICATIVE] ISSUE PRICE: [ ] [ ]

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THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR POLITICAL SUBDIVISION OF THE UNITED STATES, AND MAY NOT BE EXERCISED, OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURITIES.

## FINAL TERMS

*Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions and the Product Conditions applicable to each Series of Securities described herein (the “relevant Product Conditions”) as set forth in the Base Prospectus relating to Warrants dated 9 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 Securities 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 the Securities described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus as so supplemented is available for viewing at the office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and copies may be obtained from the Issuer at that address.*

*These Final Terms relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions and the relevant Product Conditions contained in the Base Prospectus as so supplemented. These Final Terms, the relevant Product Conditions and the General Conditions together constitute the Conditions of each Series of the Securities described herein and will be attached to the Global Security representing each such Series of the Securities. In the event of any inconsistency between these Final Terms and the General 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, see “Risk Factors – Actions taken by the Calculation Agent may affect the Underlying” and “Risk Factors – Actions taken by the Issuer may affect the value of the Securities” in the Base Prospectus) involved in the issue of the Warrants has an interest material to the offer. [NB: Amend as appropriate if there are interests]*

Issuer:

The Royal Bank of Scotland N.V., acting through [its principal office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands][its London branch at 250 Bishopsgate, London EC2M 4AA][other]



Clearing Agents:	[Clearstream Banking AG] [Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Netherlands)] [Euroclear Bank S.A./N.V. as operator of the Euroclear system] [Clearstream Banking, société anonyme] [SIS SegalInterSettle AG] [Other]
Subscription Period:	[       ] [Not Applicable]
Launch Date:	[       ]
As, if and when issued trading:	[       ] [Not Applicable]
Issue Date:	[       ]
Listing:	[       ]
Listing Date:	[       ]
Admission to trading:	[Application has been made for the Securities to be admitted to trading on [   ] with effect from [   ].] [No application for admission to trading has been made.]
Announcements to Holders:	Delivered to Clearing Agents
Principal Agent:	[ The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA]
Agent(s):	[ABN AMRO Bank N.V. MF 2020 Kemelstede 2, P.O. Box 3200, 4800 DE Breda, The Netherlands][Citibank International Plc, Netherlands Branch, Global Transaction Services, Hoge Mosten 2, 4822 NH Breda, The Netherlands]
Calculation Agent:	[The Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, United Kingdom]
Indication of yield:	Not Applicable
Sales Restriction:	The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“ <b>Securities Act</b> ”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities

Form of the Securities:

[Global Security]

[Dematerialised form]

[Global Security transformed into Intermediated Securities] (*Only applicable to Securities where the Clearing Agent is SIX SIS Ltd*)

Dematerialised Securities transformed into Intermediated Securities] (*Only applicable to Securities where the Clearing Agent is SIX SIS Ltd*)

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## COMMODITY WARRANTS

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Series:	<i>[Commodity] [American][European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None] <i>[specify]</i>
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] <i>[specify other]</i>
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] <i>[specify other]</i>
Commodity:	[Gold][Platinum][Silver][ <i>Other - specify</i> ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] <i>[specify other]</i>
Entitlement:	[ ]
Exchange:	[ ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[ ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[As stated in Product Condition 1] <i>[specify other]</i>
Integral Multiple:	[ ]
Minimum Exercise Number:	[ ] [Not Applicable]
Maximum Exercise Number:	[ ] [Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] <i>[specify other]</i>
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Reuters Page:	[XAUFIX=] <sup>1</sup> [XPTFIX=] <sup>2</sup> [XAGFIX=] <sup>3</sup> [ <i>Other – specify</i> ]
Settlement Currency:	[ ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] <i>[specify other]</i>
Strike Currency:	[ ]
Strike Price:	[ ]

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<sup>1</sup> For Gold  
<sup>2</sup> For Platinum  
<sup>3</sup> For Silver

Valuation Time:	[The time of the London [morning] <sup>4</sup> [daily] <sup>5</sup> fixing price for the Commodity]
Amendments to General Conditions and/or Product Conditions:	<p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
ISIN:	[      ]
Common Code:	[      ]
WKN:	[      ]
Valoren:	[      ]
Other Securities Code:	[      ]
Sales Restriction:	<p>The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("<b>Securities Act</b>") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.</p>

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<sup>4</sup> For Gold and Platinum  
<sup>5</sup> For Silver

## INFORMATION ON THE UNDERLYING

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

Series: [Commodity] [American][European] [Call][Put]  
Warrants Series [ ]

[repeat as above for each new Series]

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**COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS  
WARRANTS**

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Series:	<i>[Commodity Futures] [Commodity Forward] [American] [European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[     ]
Additional Market Disruption Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Contract Factor Bloomberg Page:	[     ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[     ]
Exchange:	[     ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[     ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[     ]
Integral Multiple:	[     ]
Maximum Exercise Number:	[     ][Not Applicable]
Minimum Exercise Number:	[     ][Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Reference Asset:	[     ]
Reference Asset Price:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[     ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[     ]
Strike Price:	[     ]
Valuation Time:	[The close of trading on the Exchange]

Amendments to General Conditions and/or Product Conditions:

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

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

ISIN:

[ ]

Common Code:

[ ]

WKN:

[ ]

Valoren:

[ ]

Other Securities Code:

[ ]

Sales Restriction:

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

## INFORMATION ON THE UNDERLYING

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

[ ]

Series:

[Commodity Futures] [American][European]  
[Call][Put] Warrants Series [ ]

[repeat as above for each new Series]

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## CURRENCY WARRANTS

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Series:	<i>[Currency] [American][European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount	[As stated in Product Condition 1] [ <i>specify other</i> ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[ ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[ ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[ ] [Screen Page: Reuters Page EURO FX/1]
Integral Multiple:	[ ]
Minimum Exercise Number:	[ ] [Not Applicable]
Maximum Exercise Number:	[ ] [Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[ ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[ ]
Strike Price:	[ ]
Underlying FX Rate:	[ ]
Valuation Time:	[ ]
Amendments to General Conditions and/or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing



system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

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

ISIN: [ ]

Common Code: [ ]

WKN: [ ]

Valoren: [ ]

Other Securities Code: [ ]

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

## INFORMATION ON THE UNDERLYING

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

Series: [Currency] [American][European] [Call][Put]  
Warrants Series [ ]

[repeat as above for each new Series]

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## FUND WARRANTS

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Series:	<i>[Fund] [American][European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[ ]
Additional Fund Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[ ]
Exchange:	[ ] [Not Applicable]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[ ]
European Style:	[Applicable][Not Applicable]
Integral Multiple:	[ ]
Final Reference Price:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Fund:	[ ] (Bloomberg Page: [ ])
Minimum Exercise Number:	[ ] [Not Applicable]
Maximum Exercise Number:	[ ] [Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Reference Asset:	[ ] (ISIN: [ ]; Bloomberg Page: [ ])
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[ ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[ ]
Strike Price:	[ ]
Valuation Time:	[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund] [ <i>specify other</i> ]
Amendments to General Conditions and/or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange

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

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

ISIN: [ ]

Common Code: [ ]

WKN: [ ]

Valoren: [ ]

Other Securities Code: [ ]

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

## INFORMATION ON THE UNDERLYING

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

Series: [Fund] [American][European] [Call][Put] Warrants Series [ ]

[repeat as above for each new Series]

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**GOVERNMENT BOND FUTURES WARRANTS**

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Series:	<i>[Government Bond] [American][European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[ ]
Exchange:	[ ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[ ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[ ]
Integral Multiple:	[ ]
Minimum Exercise Number:	[ ] [Not Applicable]
Maximum Exercise Number:	[ ] [Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Reference Asset:	[ ] (Bloomberg Page: [ ])
Reference Asset Price:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Reference Asset Price Bloomberg Page:	[ ]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[ ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[ ]
Strike Price:	[ ]
Amendments to General Conditions and/or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of

disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

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

ISIN: [ ]

Common Code: [ ]

WKN: [ ]

Valoren: [ ]

Other Securities Code: [ ]

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

## INFORMATION ON THE UNDERLYING

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

Series: [Government Bond] [American][European]  
[Call][Put] Warrants Series [ ]

[repeat as above for each new Series]

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## INDEX WARRANTS

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Series:	<i>[Index] [American][European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[     ]
Additional Market Disruption Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[     ]
Exchange:	[     ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[     ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Index:	[     ] (Bloomberg Code: [     ])
Integral Multiple:	[     ]
Maximum Exercise Number:	[     ][Not Applicable]
Minimum Exercise Number:	[     ][Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[     ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[     ]
Strike Price:	[     ]
Amendments to General Conditions and/or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's;

(iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

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

ISIN: [       ]

Common Code: [       ]

WKN: [       ]

Valoren: [       ]

Other Securities Code: [       ]

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

## INFORMATION ON THE UNDERLYING

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

Series: *[Index] [American][European] [Call][Put] Warrants Series [   ]*

*[repeat as above for each new Series]*

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## SINGLE STOCK WARRANTS

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Series:	<i>[Single Stock] [American][European] [Call][Put] Warrants Series [ ]</i>
Issue Price:	[      ]
Additional Market Disruption Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Cash Settled Securities:	[Applicable][Not Applicable]
Dividends:	[Applicable][Not Applicable]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[      ]
Exchange:	[      ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[      ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Integral Multiple:	[      ]
Minimum Exercise Number:	[      ][Not Applicable]
Maximum Exercise Number:	[      ][Not Applicable]
Physical Delivery Securities:	[Applicable][Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[      ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Share:	[ordinary] shares of the Share Company (ISIN: [    ])
Share Amount:	[      ][Not Applicable]
Share Company:	[      ]
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[      ]
Strike Price:	[      ]



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

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

ISIN: [ ]

Common Code: [ ]

WKN: [ ]

Valoren: [ ]

Other Securities Code: [ ]

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

## INFORMATION ON THE UNDERLYING

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

Series: [Single Stock] [American][European] [Call][Put]  
Warrants Series [ ]

[repeat as above for each new Series]

---

## STOCK BASKET WARRANTS

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Series: *[Stock Basket] [American][European] [Call][Put] Warrants Series [ ]*

Issue Price: [ ]

Additional Market Disruption Events: [None][*specify*]

American Style: [Applicable][Not Applicable]

Automatic Exercise: [Applicable][Not Applicable]

Basket:

Shares	Share Company	ISIN	[Share Amount][Weight]
[ ]	[ ]	[ ]	[ ]

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

Call Warrants: [Applicable][Not Applicable]

Cash Amount: [As stated in Product Condition 1] [*specify other*]

Cash Settled Securities: [Applicable][Not Applicable]

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

Dividends: [Applicable][Not Applicable]

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

Entitlement: [ ]

Exchange: [ ]

Exercise Time: [12.00pm] Central European Time

Expiration Date: [ ]

European Style: [Applicable][Not Applicable]

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

Integral Multiple: [ ]

Minimum Exercise Number: [ ][Not Applicable]

Maximum Exercise Number: [ ][Not Applicable]

Physical Delivery Securities: [Applicable][Not Applicable]

Put Warrants: [Applicable][Not Applicable]

Relevant Currency: [As stated in Product Condition 1] [*specify other*]

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: [ ]

Settlement Date: The [fifth] Business Day following the Valuation Date

Standard Currency: [As stated in Product Condition 1] [*specify other*]

Strike Currency: [ ]

Strike Price:	[       ]
Amendments to General Conditions and/or Product Conditions:	<p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
ISIN:	[       ]
Common Code:	[       ]
WKN:	[       ]
Valoren:	[       ]
Other Securities Code:	[       ]
Sales Restriction:	<p>The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("<b>Securities Act</b>") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.</p>

## INFORMATION ON THE UNDERLYING

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

Series: *[Stock Basket] [American][European] [Call][Put] Warrants Series [   ]*

*[repeat as above for each new Series]*

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## INDEX BASKET WARRANTS

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Series: *[Index Basket] [American][European] [Call][Put] Warrants Series [ ]*

Issue Price: [ ]

Additional Market Disruption Events: [None][*specify*]

American Style: [Applicable][Not Applicable]

Automatic Exercise: [Applicable][Not Applicable]

Basket:

[ <b>“Index”</b>	<b>“Initial Reference Price”</b>	<b>“Strike Currency”</b>	<b>“Weight”</b>
[specify each Index and Bloomberg Code]	[ ]	[ ]	[Specify percentage weight][Not Applicable]

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

Call Warrants: [Applicable][Not Applicable]

Cash Amount: [ ]

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

Entitlement: [ ]

Exercise Time: [12.00pm] Central European Time

Expiration Date: [ ]

European Style: [Applicable][Not Applicable]

Final Basket Level: 
$$\left[ \sum_{i=1}^n w_i \times \frac{S_{i,T}}{S_{i,0}} \right]$$

Where:

“W<sub>i</sub>” = Weight;

“S<sub>i,0</sub>” = Initial Reference Price;

“S<sub>i,T</sub>” = Final Reference Price; and

“n” = The number of Indexes comprised in the basket, where n=8]

[*specify other*] [Not Applicable]

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

Initial Basket Level: [ ] [Not Applicable]

Initial Reference Price: [See definition of basket]

[An amount in respect of each Index (which shall be deemed to be a monetary value in the Strike Currency) equal to the level of the Index at the Valuation Time on the Pricing Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the

Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant]

[Not Applicable] [*specify other*]

Integral Multiple:	[       ]
Maximum Exercise Number:	[       ][Not Applicable]
Minimum Exercise Number:	[       ][Not Applicable]
Pricing Date(s):	[       ] [Not Applicable]
Put Warrants:	[Applicable][Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180 ]
Settlement Currency:	[       ]
Settlement Date:	The [fifth] Business Day following the [final] Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Price:	[Not Applicable] [       ]
Trading Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Valuation Date(s)	[       ]
Amendments to General Conditions and/or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]
	<i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i>
ISIN:	[       ]
Common Code:	[       ]

WKN: [       ]

Valoren: [       ]

Other Securities Code: [       ]

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

## INFORMATION ON THE UNDERLYING

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

Series: *[Index Basket] [American][European] [Call][Put]*  
*Warrants Series [   ]*

*[repeat as above for each new Series]*

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## INFLATION INDEX WARRANTS

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Series: *[Index] [American][European] [Call][Put] Warrants Series [ ]*

Issue Price: *[ ]*

Additional Market Disruption Events: *[None][specify]*

American Style: *[Applicable][Not Applicable]*

Automatic Exercise: *[Applicable][Not Applicable]*

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

Call Warrants: *[Applicable][Not Applicable]*

Cash Amount: *[Entitlement x Max  $\{[(CPI_t/CPI_0)-1], 0\}$ ]*  
Where:  
“CPI<sub>t</sub>” = The Reference Price for the Valuation Month in the year *[ ]*  
“CPI<sub>0</sub>” = The Reference Price for the Valuation Month in the year *[ ]*  
*[specify other]*

Entitlement: *[ ]*

Exercise Time: *[12.00pm] Central European Time*

Expiration Date: *[ ]*

European Style: *[Applicable][Not Applicable]*

Index: *[[Index] published on a [monthly] [other] basis by the [ ], as displayed on Bloomberg page: ‘[ ] <Index>’ (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the index)] [specify other]]*

Integral Multiple: *[ ]*

Maximum Exercise Number: *[ ] [Not Applicable]*

Minimum Exercise Number: *[ ] [Not Applicable]*

Pricing Date(s): *[ ] [Not Applicable]*

Put Warrants: *[Applicable][Not Applicable]*

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

Relevant Number of Months: *[2] [specify other]*

Settlement Currency: *[ ]*

Settlement Date: *The earlier of (a) [ ] or (b) the [fifth] Business Day following the calculation and announcement of the Reference Price for Valuation Month [ ]*

Strike Currency: *[ ]*

Strike Price: *[ ] [Not Applicable]*

Valuation Month(s): [       ]

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

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

ISIN: [       ]

Common Code: [       ]

WKN: [       ]

Valoren: [       ]

Other Securities Code: [       ]

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

## INFORMATION ON THE UNDERLYING

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

Series: [Index] [American] [European] [Call] [Put] Warrants Series [   ]

*[repeat as above for each new Series]*



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## INFLATION INDEX WARRANTS II

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Series: *[Index] [American][European] [Call][Put] Warrants Series [ ]*

Issue Price: [ ]

Additional Market Disruption Events: [None][*specify*]

American Style: [Applicable][Not Applicable]

Automatic Exercise: [Applicable][Not Applicable]

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

Call Warrants: [Applicable][Not Applicable]

Cash Amount: [Entitlement x Max  $\{[(CPI_t/CPI_0)-1], 0\}$ ]

Where:

“CPI<sub>t</sub>” = The Reference Price for the Valuation Month in the year [ ]

“CPI<sub>0</sub>” = The Reference Price for the Valuation Month in the year [ ]

[*specify other*]

Entitlement: [ ]

Exercise Time: [12.00pm] Central European Time

Expiration Date: [ ]

European Style: [Applicable][Not Applicable]

Index: [[Index] published on a [monthly] [other] basis by the [ ], as displayed on Bloomberg page: ‘[ ] <Index>’ (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the index)] [*specify other*]

Integral Multiple: [ ]

Interim Amount: [ ]

Interim Payment: [Applicable][Not Applicable]

Interim Payment Date(s): [ ]

Maximum Exercise Number: [ ] [Not Applicable]

Minimum Exercise Number: [ ] [Not Applicable]

Pricing Date(s): [ ] [Not Applicable]

Put Warrants: [Applicable][Not Applicable]

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

Relevant Number of Months: [2] [*specify other*]

Settlement Currency: [ ]

Settlement Date:	The earlier of (a) [     ] or (b) the [fifth] Business Day following the calculation and announcement of the Reference Price for Valuation Month [     ]
Strike Currency:	[     ]
Strike Price:	[     ] [Not Applicable]
Valuation Month(s):	[     ]
Amendments to General Conditions and/or Product Conditions:	<p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
ISIN:	[     ]
Common Code:	[     ]
WKN:	[     ]
Valoren:	[     ]
Other Securities Code:	[     ]
Sales Restriction:	<p>The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("<b>Securities Act</b>") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.</p>

## INFORMATION ON THE UNDERLYING

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

Series: [Index] [American][European] [Call][Put] Warrants Series [ ]

[repeat as above for each new Series]

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## CERTIFICATE WARRANTS

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Series:	<i>[Underlying] [American][European] [Call][Put]</i> <i>Warrants Series [ ]</i>
Issue Price:	[ ]
Additional Underlying Disruption Events:	[None][ <i>specify</i> ]
American Style:	[Applicable][Not Applicable]
Automatic Exercise:	[Applicable][Not Applicable]
Business Day:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Call Warrants:	[Applicable][Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Clearing Agent:	[ <i>Specify</i> ]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Entitlement:	[ <i>Specify</i> ]
Exchange:	[ <i>Specify</i> ]
Exercise Time:	[12.00pm] Central European Time
Expiration Date:	[ <i>Specify</i> ]
European Style:	[Applicable][Not Applicable]
Final Reference Price:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Integral Multiple:	[ <i>Specify</i> ]
Issue Date:	[ <i>Specify</i> ]
Launch Date:	[ <i>Specify</i> ]
Listing Agent:	[ <i>Specify</i> ]
Minimum Exercise Number:	[ <i>Specify</i> ][Not Applicable]
Maximum Exercise Number:	[ <i>Specify</i> ][Not Applicable]
Participation Rate:	[ <i>Specify</i> ]
Principal Agent:	[ <i>Specify</i> ]
Put Warrants:	[Applicable][Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[ <i>Specify</i> ]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Standard Currency:	[As stated in Product Condition 1] [ <i>specify other</i> ]
Strike Currency:	[ <i>Specify</i> ]
Strike Price:	[ <i>Specify</i> ]

Underlying: [Specify] (ISIN: [ ]; Bloomberg Page: [ ])

Valuation Time: [Specify]

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

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

ISIN: [Specify]

Common Code: [Specify]

WKN: [Specify]

Valoren: [Specify]

Other Securities Code: [Specify]

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

## INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying can be obtained: [Specify]

Series: [Underlying] [American][European] [Call][Put]  
Warrants Series [ ]

[repeat as above for each new Series]

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## REFERENCE RATE WARRANTS

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Series: *[Reference Rate] [American][European] [Call][Put] Warrants Series [ ]*

Issue Price: [ ]

Additional Market Disruption Events: [None] *[specify]*

American Style: [Applicable] [Not Applicable]

Automatic Exercise: [Applicable] [Not Applicable]

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

Call Warrants: [Applicable] [Not Applicable]

Cash Amount: [As stated in Product Condition 1] *[specify other]*

Denomination [ ] [Not Applicable]

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

Entitlement: [ ]

Exercise Time: [12.00pm] Central European Time

Expiration Date: [ ]

European Style: [Applicable] [Not Applicable]

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

Integral Multiple: [ ]

Interim Amount: [ ]

Interim Payment: [Applicable] [Not Applicable]

Interim Payment Date(s): [ ]

Interim Period: [As stated in Product Condition 1] *[specify other]*

Interim Rate: [ ]

Interim Rate Day Count Fraction: [Not Applicable]

[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interim Period is the 31<sup>st</sup> day of a month but the first day of the Interim Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interim Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))]

*[specify other]*

Maximum Exercise Number:	[     ] [Not Applicable]
Minimum Exercise Number:	[     ] [Not Applicable]
Pricing Date(s):	[     ] [Not Applicable]
Put Warrants:	[Applicable] [Not Applicable]
Reference Banks:	[Five] [specify other]
Reference Rate(s):	[first rate]
	Screen Page: [ [specify]
	[repeat as appropriate for other rates]
Relevant Currency:	[As stated in P [Product Condition 1] [specify other]
Settlement Currency:	[     ]
Standard Currency:	[As stated in Product Condition 1] [specify other]
Settlement Date:	The [fifth] Business Day following the Valuation Date
Strike Currency:	[     ] [Not Applicable]
Strike Price:	[     ] [Not Applicable]
Valuation Time:	[11.00 hours Central European Time] [specify other]
Amendments to General Conditions and/or Product Conditions:	<p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
ISIN:	[     ]
Common Code:	[     ]
WKN:	[     ]
Valoren:	[     ]
Other Securities Code:	[     ]

Sales Restriction:

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

## INFORMATION ON THE UNDERLYING

Page where information about the past [ ]  
and future performance of the  
Reference Rate and its volatility can be  
obtained:

Series: *[Reference Rate] [American][European] [Call][Put]*  
*Warrants Series [ ]*

*[repeat as above for each new Series]*

## RESPONSIBILITY

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