

23 AUGUST 2011

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**THIRD SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES DATED 23 AUGUST 2011**



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**The Royal Bank of Scotland plc**

*(incorporated under the laws of Scotland with limited liability under the Companies Act 1948 to 1980, with registered number SC090312)*  
(the **Issuer**)

**RBS LaunchPAD Programme**

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1. This Supplement dated 23 August 2011 (the **Supplement**) constitutes the third supplement to the base prospectus dated 27 May 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Certificates (the **Base Prospectus**) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 26 May 2011.
2. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
3. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
4. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
5. The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

6. In the section entitled “DOCUMENTS INCORPORATED BY REFERENCE” beginning on page 44;
  - (i) Section 5 shall be amended by deleting “(xxi) Impairment review on pages 336 to 367”. Subsequent sub-sections shall be renumbered accordingly; and
  - (ii) The paragraph entitled “Material Changes” shall be amended by deleting the website address “<http://markets.rbs.com/EN/Showpage.aspx?pageID=1028>” and replacing it with “<http://markets.rbs.com/bparchive>”.
7. The section entitled “TAXATION” beginning on page 50 shall be amended in section 4 “UNITED STATES”, in the paragraph “Dividend Equivalent Payments” beginning on page 85 by deleting the words “an Early Termination on Account of U.S. Withholding Tax” and replacing them with the words “an early termination in accordance with General Condition 3(b)”. In addition, the heading of this section shall be amended to read “Withholding on Dividend Equivalent Payments”.
8. In the section entitled “SELLING RESTRICTIONS” beginning on page 91, section 4 “UNITED STATES OF AMERICA” shall be amended in the fourth paragraph by deleting the words “and will be referred to in the relevant Final Terms as a transaction to which the C Rules are not applicable”
9. In the section entitled “GENERAL CONDITIONS” beginning on page 137, in section 11 “(ADJUSTMENTS FOR EUROPEAN MONETARY UNION)”, the definition of “Adjustment Date” shall be amended by deleting the words “Original Company” and replacing them with “Original Currency”.
10. On the second page of the pro forma Final Terms beginning on page 588 the following paragraph shall be deleted:

*“THE SECURITIES DO NOT CONSTITUTE UNITS OF COLLECTIVE INVESTMENT SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”) AND ARE NOT SUBJECT TO THE APPROVAL OF, OR SUPERVISION BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”). HOLDERS OF THE SECURITIES ARE EXPOSED TO THE CREDIT RISK OF THE ISSUER.”*
11. The Issuer proposes to issue Worst of Knock-In Basket Reverse Exchangeable Deferred Purchase Agreement Certificates under the Base Prospectus. Accordingly, the following amendments are made to the Base Prospectus:
  - (a) In the "**Summary**" section beginning on page 8, the second paragraph of the sub-section "**Description of the Securities**" on page 19 shall be deleted and replaced by the following:

"Certificates are investment instruments which, at maturity, expiration or settlement and subject to due exercise in accordance with their Conditions, either:

    - (i) 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 (each, the “**Underlying**”) on one or more specified days or deliver the Underlying, subject to the certificate entitlement; or

(ii) in the case of worst of knock-in basket reverse exchangeable deferred purchase agreement certificates, deliver an amount of delivery stock or stocks (that may or may not be a constituent or constituents of the Underlying basket) and if a Holder has elected to enter into a sale facility with the Issuer and the Issuer has consented to such election, allow the Issuer to arrange for the sale of the delivery stock or stocks and for the sale proceeds to be delivered to the Holder on the settlement date, subject in each case to the terms of the relevant certificate. The types of certificates that may be issued under this Base Prospectus are described below.";

- (b) In the "**Summary**" section beginning on page 8, under the sub-section "Multi-Asset Basket Linked Certificates" on page 22, a new sub-section shall be inserted as follows:

**"Worst of Knock-In Basket Reverse Exchangeable Deferred Purchase Agreement Certificates:**

Worst of knock-in basket reverse exchangeable deferred purchase agreement certificates provide for a coupon or coupons to be paid to Holders, are linked to a basket of single stocks and, on the relevant settlement date, will deliver a number of delivery stock or stocks. The delivery stock or stocks (that may or may not be a constituent or constituents of the basket) will be set out in the Final Terms or, with the Issuer's consent, will be selected by the Holder in accordance with the Product Conditions. The value of the delivery stock or stocks shall be determined on the basis of whether or not a knock-in event has occurred during a particular period and if such event has occurred, also determined on the basis of the performance of the least performing stock in the basket. A knock-in event occurs, unless otherwise specified in the relevant Final Terms, if the price of any constituent of the basket, at the relevant time and during a particular period, is less than or equal to the knock-in level (being a predetermined level). The Holder will receive physical delivery of the number of delivery stock or stocks on the settlement of the certificates and may also receive a cash adjustment, in each case unless otherwise specified in the relevant Final Terms.

In consideration of a Holder's payment of the issue price, the Issuer (i) may agree to provide the Holder with a beneficial interest in a nominee security; and (ii) agrees to physically deliver to the Holder the delivery parcel (comprising the delivery stock or

stocks (that may or may not be a constituent or constituents of the basket) set out in the Final Terms or, with the Issuer's consent, selected by the Holder in accordance with the Product Conditions) the settlement of which will be deferred until the settlement date, in each case unless otherwise specified in the relevant Final Terms.

The Holder may request that the Issuer arrange for the sale of the delivery stock or stocks to be delivered to the Holder on the settlement date.";

- (c) In the "**Risk Factors**" section beginning on page 28, in the risk factor "**The Securities are certificates which entail particular risks**" on pages 28-29, the first paragraph shall be deleted and replaced with the following:

"The certificates to be issued are investment instruments which, at maturity, expiration or settlement and subject to due exercise in accordance with their Conditions, either:

- (i) 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 (each, the "**Underlying**") on one or more specified days or deliver the Underlying, subject to the certificate entitlement; or
- (ii) in the case of worst of knock-in basket reverse exchangeable deferred purchase agreement certificates, deliver an amount of delivery stock or stocks (that may or may not be a constituent or constituents of the Underlying basket) and if a Holder has elected to enter into a sale facility with the Issuer and the Issuer has consented to such election, allow the Issuer to arrange for the sale of the delivery stock or stocks and for the sale proceeds to be delivered to the Holder on the settlement date, subject in each case to the terms of the relevant certificate.

As such, certificates expose the investor to the risk of the Underlying (or any constituent elements).

Investors should be aware that their entire investment may be lost in the event that the Underlying is (or any constituent elements are) valued at zero. Unlike direct investments, investors are not able to hold certificates beyond their stated maturity, expiration or settlement date in the expectation of a recovery in the price of the Underlying (or any constituent elements).

Worst of knock-in basket reverse exchangeable deferred purchase agreement certificates provide for a coupon or coupons to be paid to Holders, are linked to a basket of single stocks and, on the relevant settlement date, will deliver a number of delivery stock or stocks (that may or may not be a constituent or constituents of the basket). The value of the delivery stock or stocks shall be determined on the basis of whether or not a knock-in event has occurred during a particular period and if such event has occurred, also determined on the basis of the performance of the least performing stock in the basket. The Holder may request that the Issuer arrange for the

sale of the delivery stock or stocks due to be delivered to the Holder on the settlement date. If such sale is arranged, the sale proceeds may be less than the value of the delivery stock or stocks due to be delivered on the settlement date, if the market price of the delivery stock or stocks at the time the sale is executed is less than the value of the delivery stock or stocks due to be delivered on such date. Worst of knock-in basket reverse exchangeable deferred purchase agreement certificates are not open end certificates and are automatically exercised at on the exercise date (as specified in the relevant Final Terms).";

- (d) In the "**Risk Factors**" section beginning on page 28, in the risk factor "**Change of law and jurisdiction**" on page 39, a new second paragraph shall be included as follows:

"There may be changes to laws, or their interpretation, in other countries which affect the Securities. Changes in taxation, corporate, regulatory and money laundering laws in any relevant jurisdiction could have a negative impact on the value of the Securities.";

- (e) In the "**General Information**" section beginning on page 125, in paragraph (k) entitled "**Description of the Securities**" of the sub-section entitled "**Information on the Offering of the Securities**" on pages 129-134, the two paragraphs prior to the paragraph beginning "Airbag certificates are similar..." shall be deleted and replaced with the following:

"Certificates are investment instruments which, at maturity, expiration or settlement and subject to due exercise in accordance with their Conditions, either:

- (i) 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 (each, the "**Underlying**") on one or more specified days or deliver the Underlying, subject to the certificate entitlement; or  
(ii) in the case of worst of knock-in basket reverse exchangeable deferred purchase agreement certificates, deliver an amount of delivery stock or stocks (that may or may not be a constituent or constituents of the Underlying basket) and if a Holder has elected to enter into a sale facility with the Issuer and the Issuer has consented to such election, allow the Issuer to arrange for the sale of the delivery stock or stocks and for the sale proceeds to be delivered to the Holder on the settlement date, subject in each case to the terms of the relevant certificate.

As such, certificates entail the same level of risk as a direct investment in the Underlying (or any constituent elements).

Investors should be aware that their entire investment may be lost in the event that the Underlying is (or any constituent elements are) valued at zero. Unlike direct investments, investors are not able to hold certificates beyond their stated maturity, expiration or settlement date in the expectation of a recovery in the price of the Underlying (or any constituent elements).

The price at which a holder will be able to sell certificates prior to maturity or expiration may be at a potentially substantial discount to the market value of the certificates 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 the value of the Underlying at the issue date.

Worst of knock-in basket reverse exchangeable deferred purchase agreement certificates provide for a coupon or coupons to be paid to Holders, are linked to a basket of single stocks and, on the relevant settlement date, will deliver a number of delivery stock or stocks (that may or may not be a constituent or constituents of the basket). The value of the delivery stock or stocks shall be determined on the basis of whether or not a knock-in event has occurred during a particular period and if such event has occurred, also determined on the basis of the performance of the least performing stock in the basket. The Holder may request that the Issuer arrange for the sale of the delivery stock or stocks due to be delivered to the Holder on the settlement date. If such sale is arranged, the sale proceeds may be less than the value of the delivery stock or stocks due to be delivered on the settlement date, if the market price of the delivery stock or stocks at the time the sale is executed is less than the value of the delivery stock or stocks due to be delivered on such date. Worst of knock-in basket reverse exchangeable deferred purchase agreement certificates are not open end certificates and are automatically exercised on the exercise date (as specified in the relevant Final Terms).";

- (f) The Product Conditions on pages 151 to 587 shall be amended by the insertion of the Product Conditions as set out in Annex A to this Supplement immediately before the heading entitled "Form of Final Terms" on page 588; and
  - (g) The form of Final Terms on pages 588 to 671 shall be amended by the insertion of the text in Annex B to this Supplement immediately before the heading "No Significant Change and No Material Adverse Change" on page 671.
12. A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, at the registered office of the Issuer at 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom, telephone +33 131 523 3636.
  13. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) above will prevail.
  14. Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

**The Royal Bank of Scotland plc**

## ANNEX A

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### CONDITIONS: PRODUCT CONDITIONS RELATING TO WORST OF KNOCK-IN BASKET REVERSE EXCHANGEABLE DEFERRED PURCHASE AGREEMENT CERTIFICATES

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

#### 1. DEFINITIONS

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

**"Agency Sale Arrangement"** means the facility having the terms set out in Product Condition 5 below under which the Issuer agrees to accept delivery of the Delivery Parcel on behalf of the Holder and to sell the Delivery Parcel in accordance with those terms;

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

**“Basket”** means the basket specified in the definition of the relevant Series in the applicable Final Terms;

**"Beneficial Interest"** means the beneficial interest which a Holder acquires in the Nominee Securities (and any other trust property in respect of which the Holder is a beneficiary);

**“Business Day”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) 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 (ii) a day on which the Exchange is open for business;

**“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 a coupon attached to each Security (if in definitive form) representing an entitlement in respect of a Coupon Amount;

**“Coupon Amount”** means, in respect of each Coupon Period, an amount calculated by the Calculation Agent as follows:

$$\text{Issue Price} \times \text{Coupon Rate} \times \text{Coupon Rate Day Count Fraction};$$

**“Coupon Payment Dates”** mean the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Coupon Period”** means the period commencing on (and including) the Issue Date to (but excluding) the first Coupon Payment Date and each period commencing on (and including) a Coupon Payment Date to (but excluding) the next following Coupon Payment Date (if any);

**“Coupon Rate”** means, in respect of each Coupon 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;

**“Coupon Rate Day Count Fraction”** means the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Delivery Details”** means, where applicable, account details and/or the name and address of any person into whose name evidence of the Delivery Parcel is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

**“Delivery Parcel”** means, unless otherwise specified in the relevant Series in the applicable Final Terms, a number of each Delivery Share determined by the Calculation Agent with reference to the Delivery Share Weighting and having a value equal to the Delivery Parcel Value. If the Delivery Parcel comprises a fraction of any Delivery Share, the Holder will receive a Delivery Parcel comprising of the nearest whole number (rounded down) of any such Delivery Shares (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Delivery Parcel), and an amount in the Settlement Currency equal to the value of the outstanding undelivered fraction of any such Delivery Share, as calculated by the Calculation Agent on the basis of the Delivery Share Final Reference Price. The Delivery Parcel Value 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;

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

(a) If no Knock-in Event has occurred:

Issue Price x 100%; or

(b) If a Knock-in Event has occurred and:

i) the Final Reference Price of the Least Performing Share is greater than the Strike Price of the Least Performing Share:

Issue Price x 100%; or

ii) the Final Reference Price of the Least Performing Share is less than or equal to the Strike Price of the Least Performing Share:

Issue Price x [100% - Strike Price Percentage + Performance]

The Delivery Parcel Value 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;

“**Delivery Share**” means each share specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 3(s) and Product Condition 4 and “Delivery Shares” shall be construed accordingly. If the Delivery Shares are able to be traded on the financial market operated by ASX Limited, the Delivery Shares must be ordinary shares in an ASX listed company on the S&P/ASX 200 Index;

“**Delivery Share Company**” means, for each Delivery Share, the share company specified as such in the definition of the Delivery Shares in the applicable Final Terms, subject to Product Condition 4;

“**Delivery Share Exchange**” means, with respect to each Delivery Share, the exchange or quotation system specified as such in the definition of Delivery Shares in the applicable Final Terms or any successor to such exchange or quotation system;

“**Delivery Share Final Reference Price**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms and in relation to each Delivery Share, an amount equal to the price of that Delivery Share quoted on the Delivery Share Exchange at the close of trading on the relevant Delivery Share Exchange in relation to each Delivery

Share (or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4) 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) an amount determined by the Calculation Agent as its good faith estimate of the price of the Delivery Share on such date having regard to the then prevailing market conditions, the last reported trading price of such Delivery Share on the Delivery Share Exchange and such other factors as the Calculation Agent determines relevant;

**“Delivery Share Weighting”** means the weighting corresponding to each Delivery Share and specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 3(s);

**“Disruption Cash Settlement Price”** means 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;

“**Exchange**” means, with respect to each Share, the exchange or quotation system specified as such in the definition of Basket in the applicable Final Terms or any successor to such exchange or quotation system;

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

“**Exercise Date**” means the date specified as such in the definition of the relevant Series or, if such day is not a Business Day, the next following Business Day;

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

“**Final Reference Price**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms and in relation to each Share, an amount equal to the price of that 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/or 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 such Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment 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;

“**Initial Reference Price**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms and in relation to each Share, an amount equal to the price of that Share quoted on the Exchange 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 price can be determined and/or 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 that 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 relevant, subject to adjustment in accordance with Product Condition 4;

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

**"Issue Price"** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Knock-In Event”** means, in respect of each Share and subject to adjustment in accordance with Product Condition 4, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, that, in the determination of the Calculation Agent, the price of any Share quoted on the Exchange at any time on any Trading Day during the Observation Period, is equal to or lower than the Knock-in Level;

**“Knock-in Level”** 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;

**"Least Performing Share"** means the Share that performed the least well compared to the other Shares in the Basket at the Valuation Time on the Valuation Date as determined by the Calculation Agent, according to the following formula:

$$\text{Final Reference Price/Initial Reference Price}$$

For the avoidance of doubt, the Least Performing Share may be a Share subject to a De-listing or a Share of a Share Company which is subject to Insolvency or Nationalisation. Where more than one Share is described as the Least Performing Share, the Issuer shall select one such Share as the Least Performing Share in its sole and absolute discretion. Notice to the Holders shall be delivered in accordance with General Condition 4;

**“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;

"**Maturity Notice**" means a notice in writing (the form of the notice will be available upon request from the Issuer) delivered by a Holder who has elected to enter into the Agency Sale Arrangement to the Issuer at the following address:

Level 22  
88 Phillip Street  
Sydney NSW 2000  
Attn: Manager, Equities Operations

at least 20 Business Days prior to the Valuation Date;

"**Nominee**" means, if Beneficial Interest in Nominee Securities is specified in the Final Terms as applicable, the nominee specified as such in the definition of the relevant Series in the applicable Final Terms;

"**Nominee Deed**" means, if Beneficial Interest in Nominee Securities is specified in the Final Terms as applicable, the deed specified as such in the definition of the relevant Series in the applicable Final Terms under which the Nominee holds the Nominee Securities on trust for Holders;

"**Nominee Securities**" means, if Beneficial Interest in Nominee Securities is specified in the Final Terms as applicable, the securities held on trust for Holders under the Nominee Deed, being one ordinary share in the capital of the Nominee Share Company;

"**Nominee Share Company**" means the company specified as such in the definition of the relevant Series in the applicable Final Terms or any substitute security from time to time, in each case as adjusted in accordance with the Nominee Deed;

"**Observation Period**" means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period from and excluding the Pricing Date to and including the Valuation Date;

"**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 the euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

"**Performance**" means in respect of the Least Performing Share, the performance of that Share determined by the Calculation Agent in accordance with the following formula and expressed as a percentage:

Final Reference Price/Initial Reference Price

**“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 require;

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

**“S&P/ASX 200 Index”** means the index of constituent stocks listed on the Australian Securities Exchange known by that name and published by Standard and Poor's, a division of The McGraw-Hill Companies, Inc.;

**“Securities”** means each Series of the worst of knock-in basket reverse exchangeable deferred purchase agreement certificates specified in the applicable Final Terms and each such certificate is 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 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, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Delivery Parcel in accordance with such market method as it decides at the relevant time for delivery of the Delivery Parcel;

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

**“Share Company”** means, for each Share, the share company specified as such in the definition of the Basket 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 Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms and in relation to each Share, an amount determined by or on behalf of the Calculation Agent equal to the Strike Price Percentage multiplied by the Initial Reference Price of such Share;

**“Strike Price Percentage”** means, the percentage specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Valuation Date”** means, with respect to the Basket, the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or if such day is not a Trading Day the next succeeding Trading Day 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); (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 (iii) the Calculation Agent shall determine the Delivery Share Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Delivery Share on the Delivery Share Exchange and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means close of trading on the relevant Exchange in relation to each 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 described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery

obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

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

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

accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

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

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

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

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

the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

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

### 3. RIGHTS AND PROCEDURES

- (a) **Deferred Purchase Agreement.** Each Security evidences an agreement between the Issuer and the Holder under which: (i) the Holder agrees to purchase and the Issuer agrees to sell the Delivery Parcel to the Holder for the Issue Price, the settlement of which will be by way of Physical Delivery of the Delivery Parcel and deferred until the Settlement Date; and (ii) if Beneficial Interest in Nominee Securities is specified as applicable in the definition of the relevant series in the applicable Final Terms, and, as an integral part of the agreement each Holder also receives a Beneficial Interest in the Nominee Securities that will be held for each Holder from time to time by the Nominee.
- (b) **Exercise.** The Securities will be deemed to be automatically exercised on the Exercise Date;
- (c) **Settlement.** Each Security, upon due exercise and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date or, if later, five Business Days following the delivery of the Notice, subject to General Condition 6(c), the Delivery Parcel.

Where the calculation of the fraction of the Delivery Share (if any) has been delayed due to a Market Disruption Event, then the amount in respect of that fraction of the Delivery Share (as calculated in accordance with the provisions set out in the definition of Delivery Parcel) will be payable three Business Days after the determination date used for the purposes of calculating such amount.

- (d) **Coupon Amount.** In consideration for the deferral of Physical Delivery of the Delivery Parcel until the Settlement Date, the Issuer agrees to pay the Holder the Coupon Amount on the Coupon Payment Dates. The Coupon Amount is calculated

by reference to the relevant Coupon Period, the Coupon Rate, the Issue Price and the Coupon Rate Day Count Fraction, and is payable on each Coupon Payment Date.

- (e) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) **General.** In the absence of gross negligence or willful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Delivery Parcel Value, Delivery Parcel, or the Disruption Cash Settlement Price, if applicable. Until the Settlement Date, 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 or Delivery Shares.
- (g) **Notice.** All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) in the case of delivery of a Delivery Parcel, include an undertaking to pay all Expenses and an authority to debit the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar in respect thereof or, as the case may be, to debit the account referred to in paragraph (iii) above or make a deduction from any cheque;
- (v) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be

credited with the Disruption Cash Settlement Price, if applicable for such Securities;

- (vi) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vii) specify the Delivery Details;
- (viii) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "U.S. person" means: (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (ix) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.

- (i) Late Delivery of Notice. 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 any Delivery Parcel, if applicable, will be delivered as soon as practicable after the Settlement Date (the date of delivery in relation to a Delivery Parcel whether on or after the Settlement Date being 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 any Delivery Parcel, if applicable, 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 Delivery Shares comprised in such Delivery Parcel 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 Delivery Shares and shall hold the proceeds (the “**Realised Delivery Parcel**”) for the account of the Holder until presentation of the relevant Notice. Upon payment of the Realised Delivery Parcel as aforesaid, the Issuer’s obligations in respect of such Security shall be discharged.
- (j) Delivery of the Delivery Parcel. Subject as provided in the Conditions, the delivery of the Delivery Parcel shall be made at the risk of the Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Delivery 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 the Holder or any other person as the registered shareholder in respect of the Delivery Shares comprised in any Delivery Parcel in the register of members of the Delivery Share Company. Where an amount equal to the value of the outstanding undelivered fraction of the Delivery Shares is payable but the Valuation Date for calculating such amount has been delayed due to a Market Disruption Event, then such amount will be payable three Business Days after the Valuation Date used for the purposes of calculating such amount.
- (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 or, where the Securities are cleared through CREST, the Registrar and shall be

conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

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

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

- (l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (m) Intervening Period. With respect to delivery of the Delivery Parcel, 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 Delivery Shares comprising the relevant Delivery Parcel (the “**Intervening Period**”), neither the Issuer nor any such other person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Delivery 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 Delivery Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Delivery Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent



beneficial owner of such Delivery 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 such other person being the legal owner of such Delivery Shares during such Intervening Period.

- (n) No Dividends. No dividend in respect of any Share, Nominee Security or Delivery Parcel to be delivered will be payable to Holders.
- (o) Settlement Disruption. If prior to delivery of the Delivery Parcel 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 the Delivery Parcel is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Delivery Parcel and notwithstanding any other provision hereof the Issuer may elect in its sole and absolute 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 the Delivery Parcel relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.
- (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 none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (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 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.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.
- (s) **New Delivery Share Request.** A Holder may, by delivery of a duly completed written notice to the Issuer at:
- Level 22  
88 Phillip Street  
Sydney NSW 2000  
Attn: Manager, Equities Operations
- at least 10 Business Days (unless otherwise specified in the definition of the relevant Series in the applicable Final Terms) prior to the Exercise Date (a “**New Delivery Share Request Notice**”) request that a Delivery Share and its corresponding Delivery Share Weighting (each as specified in the definition of the relevant Series in the applicable Final Terms) be replaced with a new delivery share (“**New Delivery Share**”) with a new corresponding weighting (“**New Delivery Share Weighting**” and such request, a “**New Delivery Share Request**”). The form of the New Delivery Share Request Notice may be obtained during normal business hours from the office of the Issuer specified above. The Issuer may, in its sole and absolute discretion, consent to a New Delivery Share Request by notice in writing to the Holder 5

Business Days (unless otherwise specified in the definition of the relevant Series in the applicable Final Terms) prior to the Exercise Date (a “**New Delivery Share Request Consent**”). If the Issuer does not consent to the New Delivery Share Request, the Delivery Shares shall be delivered to Holder in accordance with the definition of Delivery Shares and Delivery Share Weighting for the relevant Series in the applicable Final Terms without further notice to Holder pursuant to Product Condition 3(c) and subject to Product Condition 5. Neither the Issuer nor the Agents shall under any circumstances be liable for exercising its discretion to not consent to the New Delivery Share Request. For the avoidance of doubt, if the Issuer gives a New Delivery Share Request Consent, all references to a Delivery Share and a Delivery Share Weighting under these Conditions shall thereafter be deemed to refer to a New Delivery Share and New Delivery Share Weighting.

#### 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 in respect of each Share:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the relevant Exchange or any relevant 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 relevant Shares on the relevant Exchange or any other exchange on which the relevant Shares are listed; or
- (B) in any options contracts or futures contracts or other derivatives contracts relating to the relevant Shares on any relevant Related Exchange,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange, in each case relating to the relevant Shares, 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 in respect of the relevant Shares if it results from an announced change in the regular business hours of the relevant 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 relevant Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event in respect of the relevant Shares.

- (b) Potential Adjustment Events. Following a declaration by a Share Company of the terms of any Potential Adjustment Event in respect of the relevant Shares, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of that 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 relevant 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 relevant 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 relevant Shares equal to or greater than 8 per cent. per annum of the then current market value of such 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 (including but not limited to any takeover bid any scheme of arrangement, arrangement, compromise, or reconstruction of the Share Company which results in the reconstruction, cancellation, replacement or modification of the Shares or any other event that, in RBS' reasonable opinion is similar) 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 any 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 relevant 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 in respect of the relevant Shares traded on any relevant 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 in respect of the relevant 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 relevant 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, in respect of any Share Company, any (1) reclassification or change to the relevant 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 that 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 relevant 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 relevant 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 the relevant Share Company or all the assets or substantially all the assets of the relevant 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 relevant 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) If any such Market Disruption Event, Potential Adjustment Event, De-listing, Merger Event, Nationalisation and Insolvency occurs in relation to Delivery Shares after the Issue Date but on or before the Exercise Date, the Calculation Agent may, in its sole and absolute discretion, make adjustments to the Conditions or the applicable Final Terms in order to account for any such event if it considers it appropriate to do so to. The adjustments that the Calculation Agent may make include, but are not limited to, adjusting the number and/or description of the Delivery Shares and or the Delivery Share Weightings so as to preserve, to the extent possible, the equivalent economic value of the rights of the Holders immediately prior to such event having regard to the event, any diluting or concentrating effect of that event and the redesignation of, or replacement of the Delivery Shares with any other securities. 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 event.

- (e) The Calculation Agent may make adjustments to the Conditions in order to account for any such event set out in this Product Condition 4 or the applicable Final Terms 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 or the applicable Final Terms 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. AGENCY SALE ARRANGEMENT

If a Holder wants the Issuer to arrange for the sale of its Delivery Parcel, the Holder may, elect in its Maturity Notice to enter into the Agency Sale Arrangement with the Issuer. A Holder which enters into an Agency Sale Arrangement will receive the proceeds of sale of its Delivery Parcel less Expenses associated with the sale of the Delivery Parcel ("**Sale Proceeds**") within 10 Business Days of the Settlement Date, or as soon as reasonably practicable thereafter.

If a Holder has elected to enter into an Agency Sale Arrangement and the Issuer consents to such election, the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:

- (a) the Issuer or its nominees are irrevocably authorised by the Holder to accept physical delivery of the Delivery Parcel for and on behalf of the Holder on the Settlement Date;
- (b) the Holder irrevocably authorises the Issuer or its nominees to sell, and irrevocably directs and authorises the Issuer or any of its nominees to take all actions necessary or desirable, to effect the sale by the Issuer or its nominees of the Delivery Parcel;
- (c) the Issuer or its nominees on behalf of the Issuer will deliver to the Holder's nominated account (or pay by cheque to the Investor if no nominated account is nominated) the Sale Proceeds, within 10 Business Days of the Settlement Date or as soon as reasonably practical thereafter; and
- (d) the Holder acknowledges and agrees that:
  - (i) subject to (d)(iii) below, the Issuer or its nominees agree to use reasonable endeavours to sell the Delivery Parcel on behalf of the Holder for an amount per Delivery Share equal to the Delivery Share Final Reference Price;



- (ii) to the maximum extent permitted by law, and in the absence of gross negligence or wilful misconduct on its part, the Issuer and its nominees are not responsible for any losses, costs or expenses incurred by the Holder as a result of using the Agency Sale Arrangement; and
- (iii) the Issuer or its nominees will use reasonable endeavours to sell the relevant Delivery Parcel in accordance with paragraph (d)(i) above. If, for any reason whatsoever, the Issuer is unable to sell the Delivery Parcel for an amount per Delivery Share equal to the Delivery Share Final Reference Price, the Holder irrevocably authorises the Issuer to sell the relevant Delivery Parcel as soon as reasonably practicable at the market price of such Delivery Parcel available to the Issuer at the time of sale and as determined by the Calculation Agent having regard to such factors as the Calculation Agent determines to be relevant.

#### 6. EFFECT OF FINAL TERMS

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

ANNEX B

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WORST OF KNOCK-IN BASKET REVERSE EXCHANGEABLE DEFERRED PURCHASE AGREEMENT  
CERTIFICATES

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Series: *Worst of Knock-in Basket Reverse Exchangeable Deferred Purchase Agreement Securities Series [ ]*

Issue Price: [ ]

Additional Market Disruption Events: [None] [*specify*]

Basket:

Share	Share	Exchange	Underlying
	Company		Currency
[ ]	[ ]	[ ]	[ ]
(ISIN: [ ])			
[ ]	[ ]	[ ]	[ ]
(ISIN: [ ])			

Beneficial Interest in Nominee Securities: [Applicable]/ [Non-applicable]

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

Coupon Payment Dates: [ ] [and [ ]] in each year up to and including the [Exercise] Date, with the first Coupon Payment Date being [ ]

Coupon Rate: [ ]

Coupon Rate Day Count Fraction: [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 Coupon Period is the 31st day of a month but the first day of the Coupon Period is a day other than the 30th or 31st 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 Coupon 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*][Not Applicable]

Delivery Parcel: [As stated in Product Condition 1] [*specify other*]

Delivery Parcel Value: [As stated in Product Condition 1] [*specify other*]

Delivery Shares:

<b>Delivery Share</b>	<b>Delivery Share Company</b>	<b>Delivery Share Exchange</b>
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[   ]	[   ]	[   ]
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(ISIN:

[   ])

[   ]	[   ]	[   ]
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(ISIN:

[   ])

*(If the Delivery Shares are able to be traded on the financial market operated by ASX Limited, the Delivery Shares will be ordinary shares in an ASX listed company on the S&P/ASX 200 Index.)*

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

Delivery Share Weighting:

<b>Delivery Share</b>	<b>Weight</b>
[ ]	[ ]%
(ISIN: [ ])	
[ ]	[ ]%
(ISIN: [ ])	
Total: 100%	

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

Exercise Date: [ ]

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

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

Issue Date: [ ]

Knock-in Event: [As stated in Product Condition 1] [*specify other*]

*(Consideration should be given to whether the Knock-in Event will occur subject to the continuous monitoring of Shares, and if not, such other monitoring method should be specified here)*

Knock-in Level: [[ ] per cent. of the Initial Reference Price in respect of each Share] [*specify other*]

New Delivery Share Request Notice: [As stated in Product Condition 3(s)] [*specify other*]

New Delivery Share Request Consent: [As stated in Product Condition 3(s)] [*specify other*]

Nominee: [*Insert name of Nominee*]

Nominee Deed: [*Insert description of Nominee Deed, including date of execution*]

Nominee Share Company: [*Insert legal name of the company which is the issuer of Nominee Securities*]

Observation Period: [As stated in Product Condition 1] [*specify other*]

Physical Settlement: Applicable

Pricing Date: [ ]

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 Exercise Date or, if later, [ ] Business Days following the Valuation Date] [*specify other*]

Standard Currency: [As stated in Product Condition 1] [*specify other*]

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

Strike Price Percentage: [%]

Valuation Date: [[*Insert number*] Trading Days prior to the [Exercise] Date]/[*specify date*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one



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.

[The Base Prospectus and the offer of Securities is only made available in Australia to persons to whom a disclosure document such as a prospectus or product disclosure statement is not required to be given under either Chapter 6D or Chapter 7.9 of the Corporations Act 2001 (Cth). The Base Prospectus (as amended or supplemented from time to time) and the Final Terms are not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of Australian law, and are not required to, and do not, contain all the information which would be required in a product disclosure statement or prospectus under Australian law. It is a term of the issue of the Securities that an investor may not transfer, or offer to transfer, the Securities to any person located in, or a resident of Australia, unless the person is not required to be given a prospectus or product disclosure statement under either Chapter 6D or Chapter 7.9 of the Corporations Act 2001 (Cth). The Base Prospectus (as amended or supplemented from time to time) and the Final Terms are only provided on the condition that the information in and accompanying the relevant document is strictly for the use of prospective investors and their advisers only and must not be provided to any other person in Australia without the written consent of the Issuer, which the Issuer may withhold in its absolute discretion. The Base Prospectus (as amended or supplemented from time to time) and the Final Terms have not been and will not be lodged or registered with the Australian Securities and Investments Commission. No cooling off regime applies to an acquisition of the Securities.]

**INFORMATION ON THE UNDERLYING**

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying: [Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

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

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

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

Series: *Worst of Knock-in Basket Reverse Exchangeable Deferred Purchase Agreement Securities Series [ ]*

*[repeat as above for each new Series]*