
LaunchPAD Programme

Supplementary Prospectus dated 25 October 2012

**SIXTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD
PROGRAMME FOR THE ISSUANCE OF TURBOS**



THE ROYAL BANK OF SCOTLAND PLC

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

The Royal Bank of Scotland plc

LaunchPAD Programme

(the “**Programme**”)

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

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

The Royal Bank of Scotland plc

ANNEX A

Risks relating to Proprietary Indices

Proprietary and rules-based trading index or strategy

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

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

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

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

No recourse to assets

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

Termination, cancellation and suspension of a Proprietary Index

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

Simulated operating history

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

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

Amendment or modification to Proprietary Index rules

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

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

Sponsor/Calculation Agent discretion

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

Dynamic Participation

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

Market risk

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

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

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

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

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

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

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

Access Costs, Trading Costs, Performance Adjustment and Management Fee

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

Definitions:

For these purposes:

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

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

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

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

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

LIBOR.

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

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

Potential conflicts of interest

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

Roll Return

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

Volatility Control

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

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

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

Trend Risk

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

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

PROPRIETARY INDEX DESCRIPTION

RBS India ADR/GDR Index (USD) TR (Bloomberg page: “RBSYNDIA”, the “**Index**”)

The Index is calculated by Standard & Poor’s Financial Services LLC (or its successor, the “**Calculation Agent**”) based on a methodology (the “**Index Rules**”) developed by The Royal Bank of Scotland plc (the “**Index Sponsor**”) as successor to The Royal Bank of Scotland N.V..

Summary

The Index is an equally weighted index, which tracks the performance of the ten most liquid American Depositary Receipts (“**ADR**”) or Global Depositary Receipts (“**GDR**”) of share companies that are headquartered or incorporated (or both) in India and listed in New York or London (each an “**Indian ADR/GDR**”), as determined annually by the Calculation Agent in its reasonable discretion. Liquidity is determined by analysing the daily trading volume of each Indian ADR/GDR, as described below. The weights of the ten Indian ADR/GDR shares comprising the Index (the “**Index Shares**”) are re-balanced annually (each annual date, a “**Re-weighting Date**”) to re-establish the equal weighting of each Index Share in the Index. In an equally weighted index, share quantity for each of the Index Shares (the “**Index Share Quantity**”) is determined as if an investor were buying an equal USD amount of each share in the index on the Re-weighting Date. The weights of an equally weighted index will not remain constantly equal between Re-weighting Dates and instead vary during that period as share prices fluctuate.

Composition of the Index

On each Re-weighting Date, the Calculation Agent will determine which Indian ADR/GDR shares are eligible for inclusion within the Index on the basis of the following criteria (the “**Selection Criteria**”):

- (i) the share must be an Indian ADR/GDR currently listed on the New York Stock Exchange, the NASDAQ Stock Market or the London Stock Exchange;

- (ii) the issuer of the Indian ADR/GDR must have a minimum total market capitalisation of at least USD 100,000,000 (or the equivalent amount in another currency calculated by applying the relevant exchange rate;
- (iii) the India ADR/GDR must have an average daily turnover for the immediately preceding three month period (“**Three Month ADV**”) of greater than USD 1,000,000 (or its equivalent in GBP for a GDR listed on the London Stock Exchange); and
- (iv) the share must not be subject to any technical constraints, as determined in the Index Sponsor’s sole and absolute discretion. Technical constraints are defined in the Index Rules as the Index Sponsor’s inability to (i) hedge a share due to market, compliance, regulatory, reporting, reputational or other constraints or (ii) obtain internal approval to include such share in the Index.

Each Indian ADR/GDR meeting all four Selection Criteria is a “**Qualifying Share**”. The Calculation Agent will then rank all Qualifying Shares based on their Three Month ADV, with the Qualifying Share with the highest Three Month ADV being ranked first. The top ten Qualifying Shares ranked by Three Month ADV will comprise the Index. If there are fewer than ten Qualifying Shares, all of the Qualifying Shares will comprise the Index, provided that at no time can there be fewer than seven Qualifying Shares in the Index. Each Qualifying Share immediately upon its inclusion in the Index becomes an “**Index Share**”.

If at any time there are fewer than seven Index Shares the Index will be automatically terminated.

As of 5 October 2012, the Index Shares comprising the Index were

Index Share	Bloomberg Code	Share Company Name	Exchange
Dr. Reddy's Laboratories Limited ADR	RDY UN	Dr. Reddy's Laboratories Limited	New York Stock Exchange
HDFC Bank Ltd. ADR	HDB UN	HDFC Bank Ltd.	New York Stock Exchange
Icici Bank ADR	IBN UN	Icici Bank	New York Stock Exchange
Infosys Limited ADR	INFY UQ	Infosys Limited	NASDAQ Stock Market

Rediff.com India Ltd ADR	REDF UQ	Rediff.com India Ltd	NASDAQ Market	Stock
Reliance Industries Ltd GDR	RIGD LI	Reliance Industries Ltd	London International	
SIFY TECHNOLOGIES-SPON ADR	SIFY UQ	SIFY TECHNOLOGIES	NASDAQ Market	Stock
Sterlite Industries Indi-ADR	SLT UN	Sterlite Industries Indi	New York Exchange	Stock
Tata Motors Ltd-SPON ADR	TTM UN	Tata Motors Ltd	New York Exchange	Stock
Wipro Corporation Ltd ADR	WIT UN	Wipro Corporation Ltd	New York Exchange	Stock

Calculation of Index Level

The level of the index (“**Index Level**”) is calculated and published over the course of trading hours on each trading day. A trading day is any day on which at least one of the exchanges on which the Index Shares are traded is open for trading. The Index Level is calculated in USD and equals the total value of the Index Share Quantity for each Index Share multiplied by the price of each share (with the share price of any Index Share listed in London translated into USD at the USD/GBP exchange rate). All distributions made by a share company in respect of an Index Share shall be notionally reinvested proportionally according to each Index Share’s weight to preserve the then current weighting.

The calculation and publication of the Index Level on a trading day is subject to any market disruption events related to the exchanges on which the Index Shares are traded and the ability to obtain foreign exchange rates.

Substitution and Re-weighting

Once selected as an Index Share, an Indian ADR/GDR will remain in the Index until the next Re-weighting Date, even if it fails to meet the minimum market capitalisation or Three Month ADV requirements. However, if due to a corporate event such as mergers, acquisitions, liquidations, de-listing or other similar event, an Index Share ceases to be an Indian ADR/GDR listed on the New York Stock Exchange, the NASDAQ Stock Exchange or London Stock Exchange, a “**Substitution Event**” will occur. Upon the occurrence of a Substitution Event, the non-qualifying Index Share (the “**Substituted Share**”) shall be substituted with the next highest ranked Qualifying Share on the previous Re-weighting Date, but that was not included in the Index on such date (if any).

In order to maintain a weighting of 100%, the replacement Qualifying Share will be an Index Share until the next Re-weighting Date and will be included in the calculation of the Index Level and assigned the weighting the Substituted Share had immediately prior to the Substitution Event. For example, if the Substituted Share had a current weighting of 9.00% prior to the Substitution Event, the replacement Index Share will be assigned a weighting of 9.00%. If there are no Qualifying Shares to replace the Substituted Share, the weighting of the Substituted Share will be assigned pro rata to the remaining Index Shares based on the current weightings of those Index Shares.

On the Re-weighting Date, the Calculation Agent shall determine which Indian ADR/GDR shares meet the Selection Criteria and identify the Qualifying Shares for the next annual period. It will then rank the Qualifying Shares in descending order by Three Month ADV and select ten Index Shares. A share that is an Index Share prior to the Re-weighting Date may be included among the Index Shares on the next Re-weighting Date but only if it meets the Selection Criteria and is among the ten highest ranking Qualifying Shares by Three Month ADV. Likewise, a share that was not a Qualifying Share prior to the Re-weighting Date may become an Index Share on the next Re-weighting Date if it meets the Selection Criteria and is among the ten highest ranking Qualifying Shares by Three Month ADV.

Ranking and including shares in the Index on the basis of liquidity, using Three Month ADV, typically results in a greater annual turnover in the composition of the Index as compared to indices that rank and include shares solely on the basis on market capitalisation, as market liquidity tends to vary more than market capitalisation.

The information above is a description of the methodology and material rules and risks relating to the Index. The Selection Criteria indicate the key criteria which must be fulfilled for inclusion in the Index, but is not intended to be exhaustive. The Index Sponsor makes no representation or warranty that the Index will achieve its stated investment objectives.

A copy of the Index Rules relating to the Index will be available for review from the beginning of the offer period (if any) to the relevant maturity date upon request at the offices of the Index Sponsor at The Royal Bank of Scotland N.V. 250 Bishopsgate, London, EC2M 4AA. Investors should note that this description of the Index Rules is subject to the detailed

provisions of the Index Rules. In order to obtain the Index Rules, an investor may need to give certain non-disclosure representations to the Index Sponsor.

The information contained in this description is subject to change. The Index Sponsor makes no representation or warranty that the Index will achieve its stated objectives.

References to any shares, including the Index Shares, are included only to describe the components which currently comprise the Index and not to indicate any association between The Royal Bank of Scotland plc and any other share company. The Index is not in any way sponsored, endorsed or promoted by any other share company.

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

The Index is the intellectual property of the Index Sponsor.

ANNEX C

CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX TURBO LONG CERTIFICATES

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.

DEFINITIONS

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

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

“**Calculation Period**” means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

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

- (a) Upon Exercise:
 $(\text{Final Reference Price} - \text{Current Financing Level}) \times \text{Entitlement}$, less Expenses (the “**Exercise Cash Amount**”); or
- (b) Upon an Issuer Call:
 $(\text{Termination Reference Price} - \text{Current Financing Level}) \times \text{Entitlement}$, less Expenses (the “**Issuer Call Cash Amount**”); or
- (c) Following a Stop Loss Event:
 $(\text{Stop Loss Termination Reference Price} - \text{Current Financing Level}) \times \text{Entitlement}$, less Expenses (the “**Stop Loss Cash Amount**”),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified in the applicable Final Terms, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

“**Current Financing Level**” means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

- (a) the Current Financing Level on the previous Reset Date; plus
- (b) Funding Cost; and minus
- (c) if specified to be applicable in the definition of the relevant Series in the applicable Final Terms, Notional Dividend Amounts, and if specified to be inapplicable in the definition of the relevant Series in the applicable Final Terms, Notional Dividend Amounts shall be disregarded in the calculation of Current Financing Level.

The Current Financing Level on the Launch Date is the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Current Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Current Spread may be reset on a Reset Date, subject to the “**Maximum Spread**” (as specified in the definition of the relevant Series in the applicable Final Terms) per annum (save that if, in the sole discretion of the Calculation Agent, at any time the market rate for borrowing the Index or hedging the Securities with futures materially exceeds such market rate as at the Launch Date, the Current Spread and/or Maximum Spread may be increased to reflect this change). The Current Spread on the Launch Date is the spread specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Current Stop Loss Premium**” means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions

(including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the “**Minimum Premium**” nor greater than the “**Maximum Premium**” (both as specified in the definition of the relevant Series in the applicable Final Terms) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the “**Current Stop Loss Premium Rate**”) on the Launch Date is the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

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

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

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

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

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

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

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

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

“Exercise Date” means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

“Exercise Time” means the time specified as such in the definition of the relevant Series in the

applicable Final Terms;

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

“**Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Index on such date having regard to the then prevailing market conditions, the last reported trading price(s) of (a) the Shares on the Exchange (in respect of an Index which is not a Commodity Index) or (b) the components of the Index on the Exchange (in respect of a Commodity Index) and such other factors as the Calculation Agent determines relevant;

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

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

“**Funding Cost**” means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

- (a) Prevailing Rate plus Current Spread; multiplied by
- (b) the Current Financing Level on the previous Reset Date; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360;

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

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

“**Index Sponsor**” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and/or (b) announces (directly or through an agent) the level of the Index on a regular basis

during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

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

“**Issuer**” means The Royal Bank of Scotland plc incorporated in Scotland with its statutory seat in Edinburgh acting through its principal office or London branch or such further or other branches as may be specified in the Final Terms;

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

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

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

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

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

“**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;

“**Notional Dividend Amount**” means, if “Notional Dividend Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, an amount as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions in respect of the Shares which have an ex-dividend date occurring during the Notional Dividend Period net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty without regard to any tax credits;

“Notional Dividend Period” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each period from (but excluding) the Launch Date to (and including) the earlier of the next following Reset Date, the Issuer Call Date, the Valuation Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date, the Issuer Call Date, the Valuation Date or the Stop Loss Termination Date;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general 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 (TARGET2) System is open;

“Prevailing Rate” means the rate, as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market with a maturity of either three months, one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion or such other maturity as selected by the Calculation Agent in its sole and absolute discretion and notified to the Holders in accordance with General Condition 4;

“Pricing Date” means the date 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 Index are traded;

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

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

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

“**Reset Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Launch Date and thereafter (a) the day of each calendar month specified as such in the definition of the relevant Series in the applicable Final Terms, provided that if such day is not a Business Day, the Reset Date will be the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

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

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

“**Securities Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Securities Exchange;

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

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

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

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

“**Stop Loss Event**” occurs if, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4, the level of the Index (which shall be deemed to be a monetary value in the Financing Level Currency) is at any time on any Trading Day, from and including the Launch Date, and other than at the Stop Loss Reset Time or a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop Loss Price. If no such level is available the level will be determined by the Calculation Agent in its absolute discretion;

“**Stop Loss Price**” means an amount calculated on each Stop Loss Reset Date at the Stop Loss Reset Time (which shall be deemed to be a monetary value in the Financing Level Currency), subject to

adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

- (a) the Current Financing Level on the current Stop Loss Reset Date; plus
- (b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price shall be rounded in the manner specified in the applicable Final Terms. The Stop Loss Price on the Launch Date shall be the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Stop Loss Reset Date” means (a) the day of each calendar month specified as such in the definition of the relevant Series in the applicable Final Terms, provided that if such day is not a Business Day and a Securities Trading Day, the Stop Loss Reset Date will be the next following Business Day which is also a Securities Trading Day or (b) each Business Day which is also a Securities Trading Day, at the determination of the Calculation Agent;

“Stop Loss Reset Time” means the regular weekday opening time of the Securities Exchange;

“Stop Loss Termination Date” means the first Trading Day on which the Stop Loss Event occurs;

“Stop Loss Termination Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the fair value price for the Index, as determined by the Calculation Agent in its sole and absolute discretion, by reference to unwinding of the Issuer’s hedging position in respect of the Index on a reasonable efforts basis. The Stop Loss Termination Reference Price will be equal to at least the lowest level of the Index during the Stop Loss Termination Valuation Period;

“Stop Loss Termination Valuation Period” means the Stop Loss Termination Date and the following two Trading Days, excluding for this purpose any day on which a Market Disruption Event occurs;

“Termination Reference Price” means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

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

“Trigger Event” means the event specified as such in the definition of the relevant Series in the applicable Final Terms;

“Valuation Date” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such date is not a Trading Day, the first Trading Day thereafter

unless, in the determination of the Calculation Agent, a Market Disruption Event (including an Emerging 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 (including an Emerging Market Disruption Event)) would have been a Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event (including an Emerging Market Disruption Event)); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of (i) the Shares on the Exchange (in respect of an Index which is not a Commodity Index) or (ii) the components of the Index on the Exchange (in respect of a Commodity Index) and such other factors as the Calculation Agent determines to be relevant; and

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

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

1. 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**”) (if applicable). 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.

2. RIGHTS AND PROCEDURES.

- (a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable on any Exercise Date by delivery of a Notice (as defined below) prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.
- (c) Issuer Call. Provided no Stop Loss Event has occurred, the Issuer may terminate the Securities, in whole but not in part, on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event 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 either:
 - (i) the Exercise Cash Amount, following a valid Exercise; or
 - (ii) the Issuer Call Cash Amount, following a valid Issuer Call; or
 - (iii) the Stop Loss Cash Amount, following a Stop Loss Event.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the

Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

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

person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, 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.

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

3. ADJUSTMENTS

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

In respect of an Index which is not a Commodity Index, “**Market Disruption Event**” means: (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise), (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

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

- (i) **Price Source Disruption.** The failure by the Exchange to announce or publish the price of the Commodity Index or any of its components (or the information necessary for determining such price(s)) or the temporary or permanent discontinuance or unavailability of such price(s) by the Exchange; or
- (ii) **Trading Suspension.** The material suspension of trading on the Exchange; or
- (iii) **Disappearance of Price.** The permanent discontinuation of trading in the Commodity Index or any of its components on the Exchange, disappearance of, or of

trading in, the Commodity Index or any of its components or the disappearance or permanent discontinuance or unavailability of a reference price, notwithstanding the availability of the related price source or the status of trading in the Commodity Index or any of its components;

- (iv) **Material Change in Formula.** The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of a component; or
 - (v) **Material Change in Content.** The occurrence, since the Issue Date, of a material change in the content or composition of a Commodity Index or any component of the Commodity Index; or
 - (vi) **De Minimis Trading.** The number of contracts traded on the Exchange with respect to a Commodity Index or any of its components is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity Index or any of its components has been impaired due to a lack of, or a material reduction in, trading in the Commodity Index or any of its components on the Exchange; or
 - (vii) **Tax Disruption.** The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, a Commodity Index or any of its components (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity Index or any of its components on the Valuation Date and/or on each of the three Trading Days following the Valuation Date, as the case may be, from what it would have been without that imposition, change or removal; or
 - (viii) **Trading Limitation.** The material limitation imposed on trading in a Commodity Index or any of its components on any exchange or principal trading market; or
 - (ix) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange is located; or
 - (x) **Other Events.** Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.
- (b) **Adjustments to Index.** The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.
- (i) If the Index is: (A) not calculated and announced by the Index Sponsor but is

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

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

such material modification of the Index less the cost to the Issuer of unwinding any related hedging arrangements (as determined by the Issuer).

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

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

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

4. EFFECT OF FINAL TERMS

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

ANNEX D

CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX TURBO SHORT CERTIFICATES

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

1. DEFINITIONS

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

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

“**Calculation Period**” means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

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

(a) Upon Exercise:

$(\text{Current Financing Level} - \text{Final Reference Price}) \times \text{Entitlement}$, less Expenses (the “**Exercise Cash Amount**”); or

(b) Upon an Issuer Call:

$(\text{Current Financing Level} - \text{Termination Reference Price}) \times \text{Entitlement}$, less Expenses (the “**Issuer Call Cash Amount**”); or

(c) Following a Stop Loss Event:

$(\text{Current Financing Level} - \text{Stop Loss Termination Reference Price}) \times \text{Entitlement}$, less Expenses (the “**Stop Loss Cash Amount**”),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified in the applicable Final Terms, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

“**Current Financing Level**” means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

- (a) the Current Financing Level on the previous Reset Date; plus
- (b) Funding Cost; minus
- (c) if specified to be applicable in the definition of the relevant Series in the applicable Final Terms, Notional Dividend Amounts, and if specified to be inapplicable in the definition of the relevant Series in the applicable Final Terms, Notional Dividend Amounts shall be disregarded in the calculation of Current Financing Level.

The Current Financing Level on the Launch Date is the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Current Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Current Spread may be reset on a Reset Date, subject to the “**Maximum Spread**” (as specified in the definition of the relevant Series in the applicable Final Terms) per annum (save that if, in the sole discretion of the Calculation Agent, at any time the market rate for borrowing the Index or hedging the Securities with futures materially exceeds such market rate as at the Launch Date, the Current Spread and/or Maximum Spread may be increased to reflect this change). The Current Spread on the Launch Date is the spread specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Current Stop Loss Premium**” means an amount in the Financing Level Currency as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment in accordance with Product Condition 4, having regard to the current market conditions

(including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the “**Minimum Premium**” nor greater than the “**Maximum Premium**” (both as specified in the definition of the relevant Series in the applicable Final Terms) of the Current Financing Level, subject to adjustment in accordance with Product Condition 4. The percentage used for calculating the Current Stop Loss Premium (the “**Current Stop Loss Premium Rate**”) on the Launch Date is the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

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

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

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

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

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

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

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

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

“Exercise Date” means, subject to a Stop Loss Event, the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

“Exercise Time” means the time specified as such in the definition of the relevant Series in the

applicable Final Terms;

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

“**Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Valuation Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Index on such date having regard to the then prevailing market conditions, the last reported trading price(s) of (a) the Shares on the Exchange (in respect of an Index which is not a Commodity Index) or (b) the components of the Index on the Exchange (in respect of a Commodity Index) and such other factors as the Calculation Agent determines relevant;

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

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

“**Funding Cost**” means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

- (a) Prevailing Rate minus Current Spread; multiplied by
- (b) the Current Financing Level on the previous Reset Date; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by 360.

The Funding Cost may be a negative number;

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

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

“**Index Sponsor**” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to

the Index and/or (b) announces (directly or through an agent) the level of the Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

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

“**Issuer**” means The Royal Bank of Scotland plc incorporated in Scotland with its statutory seat in Edinburgh acting through its principal office or London branch or such further or other branches as may be specified in the Final Terms;

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

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

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

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

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

“**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;

“**Notional Dividend Amount**” means, if “Notional Dividend Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, an amount as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions in respect of the Shares which have an ex-dividend date occurring during the Notional Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing dividend percentage payable under market standard stock borrow agreements, as

determined by the Calculation Agent in its sole and absolute discretion;

“Notional Dividend Period” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each period from (but excluding) the Launch Date to (and including) the earlier of the next following Reset Date, the Issuer Call Date, the Valuation Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date, the Issuer Call Date, the Valuation Date or the Stop Loss Termination Date;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general 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 (TARGET2) System is open;

“Prevailing Rate” means the rate, as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market with a maturity of either three months, one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion or such other maturity as selected by the Calculation Agent in its sole and absolute discretion and notified to the Holders in accordance with General Condition 4;

“Pricing Date” means the date 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 Index are traded;

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

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

such time;

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

“**Reset Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Launch Date and thereafter (a) the day of each calendar month specified as such in the definition of the relevant Series in the applicable Final Terms, provided that if such day is not a Business Day, the Reset Date will be the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

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

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

“**Securities Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Securities Exchange;

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

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

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

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

“**Stop Loss Event**” occurs if, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index (which shall be deemed to be a monetary value in the Financing Level Currency) is at any time on any Trading Day, from and including the Launch Date, and other than at the Stop Loss Reset Time or a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, greater than or equal to the Stop Loss Price. If no such level is available the level will be determined by the Calculation Agent in its absolute discretion;

“**Stop Loss Price**” means an amount calculated on each Stop Loss Reset Date at the Stop Loss Reset Time (which shall be deemed to be a monetary value in the Financing Level Currency), subject to

adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion, as:

- (a) the Current Financing Level on the current Stop Loss Reset Date; minus
- (b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price shall be rounded in the manner specified in the applicable Final Terms. The Stop Loss Price on the Launch Date shall be the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Stop Loss Reset Date” means (a) the day of each calendar month specified as such in the definition of the relevant Series in the applicable Final Terms, provided that if such day is not a Business Day and a Securities Trading Day, the Stop Loss Reset Date will be the next following Business Day which is also a Securities Trading Day or (b) each Business Day which is also a Securities Trading Day, at the determination of the Calculation Agent;

“Stop Loss Reset Time” means the regular weekday opening time of the Securities Exchange;

“Stop Loss Termination Date” means the first Trading Day on which the Stop Loss Event occurs;

“Stop Loss Termination Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the fair value price for the Index, as determined by the Calculation Agent in its sole and absolute discretion, by reference to unwinding of the Issuer’s hedging position in respect of the Index on a reasonable efforts basis. The Stop Loss Termination Reference Price will be at most the highest level of the Index during the Stop Loss Termination Valuation Period;

“Stop Loss Termination Valuation Period” means the Stop Loss Termination Date and the following two Trading Days, excluding for this purpose any day on which a Market Disruption Event occurs;

“Termination Reference Price” means an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

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

“Trigger Event” means the event specified as such in the definition of the relevant Series in the applicable Final Terms;

“Valuation Date” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such date is not a Trading Day, the first Trading Day thereafter

unless, in the determination of the Calculation Agent, a Market Disruption Event (including an Emerging 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 (including an Emerging Market Disruption Event)) would have been a Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event (including an Emerging Market Disruption Event)); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of (i) the Shares on the Exchange (in respect of an Index which is not a Commodity Index) or (ii) the components of the Index on the Exchange (in respect of a Commodity Index) and such other factors as the Calculation Agent determines to be relevant; and

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

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

2. FORM

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

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

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

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

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

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

relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

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

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

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

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

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

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of,

Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES.

- (a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable on any Exercise Date by delivery of a Notice (as defined below) prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.
- (c) Issuer Call. Provided no Stop Loss Event has occurred, the Issuer may terminate the Securities, in whole but not in part, on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event 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 either:
 - (i) the Exercise Cash Amount, following a valid Exercise; or
 - (ii) the Issuer Call Cash Amount, following a valid Issuer Call; or
 - (iii) the Stop Loss Cash Amount, following a Stop Loss Event.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the

Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

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

person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, 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.

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

4. ADJUSTMENTS

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

In respect of an Index which is not a Commodity Index, “**Market Disruption Event**” means: (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise), (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

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

- (i) **Price Source Disruption.** The failure by the Exchange to announce or publish the price of the Commodity Index or any of its components (or the information necessary for determining such price(s)) or the temporary or permanent discontinuance or unavailability of such price(s) by the Exchange; or
- (ii) **Trading Suspension.** The material suspension of trading on the Exchange; or
- (iii) **Disappearance of Price.** The permanent discontinuation of trading in the Commodity

Index or any of its components on the Exchange, disappearance of, or of trading in, the Commodity Index or any of its components or the disappearance or permanent discontinuance or unavailability of a reference price, notwithstanding the availability of the related price source or the status of trading in the Commodity Index or any of its components;

- (iv) **Material Change in Formula.** The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of a component; or
 - (v) **Material Change in Content.** The occurrence, since the Issue Date, of a material change in the content or composition of a Commodity Index or any of its components; or
 - (vi) **De Minimis Trading.** The number of contracts traded on the Exchange with respect to a Commodity Index or any of its components is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity Index or any of its components has been impaired due to a lack of, or a material reduction in, trading in the Commodity Index or any of its components on the Exchange; or
 - (vii) **Tax Disruption.** The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, a Commodity Index or any of its components (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity Index or any of its components on the Valuation Date, Issuer Call Date or the Early Termination Date, as the case may be, and/or on each of the three Trading Days following the Valuation Date, Issuer Call Date or the Early Termination Date, as the case may be, from what it would have been without that imposition, change or removal; or
 - (viii) **Trading Limitation.** The material limitation imposed on trading in a Commodity Index or any of its components on any exchange or principal trading market; or
 - (ix) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange is located; or
 - (x) **Other Events.** Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.
- (b) **Adjustments to Index.** The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by

it pursuant to paragraphs (i), (ii), (iii) or (iv) below.

- (i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

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

pay to each Holder in respect of each Security held by such Holder an amount equal to the fair market value of the Security immediately prior to such material modification of the Index less the cost to the Issuer of unwinding any related hedging arrangements (as determined by the Issuer).

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

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

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

5. EFFECT OF FINAL TERMS

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