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19 April 2011

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**SEVENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE  
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES DATED 19 APRIL 2011**



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**THE ROYAL BANK OF SCOTLAND N.V.**  
(Registered at Amsterdam, The Netherlands)  
(the **Issuer** or **RBS N.V.**)

**RBS LaunchPAD Programme**

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- 1 This Supplement dated 19 April 2011 (this **Supplement**) constitutes the seventh supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2010 (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.
- 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 Where used in this Supplement (including the Schedules hereto), the term **RBSG Group** means The Royal Bank of Scotland Group plc and its subsidiaries consolidated in accordance with International Financial Reporting Standards and the term **Group** means RBS Holdings N.V. and its consolidated subsidiaries.
- 6 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.

- 7 On 19 April 2011, the boards of The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc (**RBS**), RBS Holdings N.V. (**RBS Holdings**) and RBS N.V. approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the **Proposed Transfers**), subject, among other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures. It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the proposed transfers (including of certain debt securities issued by RBS N.V.) is expected to have taken place by the end of 2012. For further information see the Press Release which is referred to in paragraph 8 below.
- 8 On 19 April 2011, the Issuer and RBS Holdings published a supplement to their registration document dated 5 April 2011 (the **Registration Document**), a copy of which supplement has been approved by and filed with the AFM (the **RD Supplement**). By virtue of the RD Supplement, the press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” published by the Issuer on 19 April 2011 (the **Press Release**) was incorporated into, and forms part of, the Registration Document.
- 9 By virtue of the RD Supplement, the unaudited pro forma financial information for RBS Holdings set out in Schedule 1 to this Supplement (the **Unaudited Pro Forma Financial Information**) was incorporated into, and forms part of, the Registration Document.
- 10 By virtue of the RD Supplement, the risk factor headed “*An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group’s business, results of operations, financial condition, capital ratios and liquidity*” set out on pages 4 to 5 of the Registration Document was deemed to be deleted in its entirety and replaced with the risk factor set out in Schedule 2 to this Supplement.
- 11 By virtue of this Supplement, the sentence “An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group’s business, results of operations, financial condition, capital ratios and liquidity” set out under the sub-section headed “Risk Factors” in the section headed “Summary” (by virtue of the supplement to the Base Prospectus dated 7 April 2011) shall be deleted in its entirety and replaced with the following sentences: “An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing. In particular, on 19 April 2011, the boards of RBSG, RBS, RBS Holdings and RBS N.V. approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS. Such restructuring and balance sheet reduction programme may adversely affect the Group’s business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of the Securities”.
- 12 By virtue of this Supplement, the following sentences shall be inserted in a new sub-section headed “Proposed transfer of activities” to be inserted immediately above the sub-section headed “Risk Factors” in the section headed “Summary”:

“On 19 April 2011, RBS N.V. announced that it had approved the proposed transfers of a substantial part of its business activities to RBS, subject to certain conditions the (**Proposed Transfers**). It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the Proposed Transfers (including of certain debt securities issued by RBS N.V.) is expected to have taken place by the end of 2012. The Proposed Transfers include a proposal to change the issuer of a number of securities issued by RBS N.V. which will include some or all of the securities issued by RBS N.V. between 19 April 2011 and the date that the Proposed Transfers take effect.”.
- 13 By virtue of this Supplement, (i) the RD Supplement (which includes Schedule 2 to this Supplement), (ii) the Press Release and (iii) the Unaudited Pro Forma Financial Information are incorporated into and form part of the Base Prospectus. Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the documents referred to in the previous sentence shall not be incorporated by

reference into the Base Prospectus by virtue of this Supplement, except where such information or other documents are specifically incorporated by reference into the Base Prospectus. In addition, where sections of any of the documents referred to in this paragraph 12 which are incorporated by reference into the Base Prospectus by virtue of this Supplement cross-reference other sections of the same document which are not so incorporated, such cross-referenced information shall not form part of the Base Prospectus, unless otherwise incorporated by reference into the Base Prospectus.

- 14** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).
- 15** 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.
- 16** To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 17** 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 N.V.**

## SCHEDULE 1

### **Unaudited pro forma financial information relating to RBS Holdings N.V.**

This Schedule 1 provides pro forma financial information as at and for the year ended 31 December 2010 for RBS Holdings N.V. The proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. (**RBS N.V.**) to The Royal Bank of Scotland plc (**RBS**) (the **Proposed Transfers**) collectively constitute a significant event and historical financial information on a pro forma basis is provided to give investors a better understanding of what the results of operations and financial position of RBS N.V. might have looked like had the transfers to RBS occurred in respect of the unaudited pro forma condensed consolidated statement of financial position as at 31 December 2010 and, in respect of the unaudited pro forma condensed consolidated income statements, on 1 January of the respective years. The Proposed Transfers are expected to be implemented on a phased basis over a period ending 31 December 2013.

For the purposes of the pro forma financial information, RBS Holdings N.V. comprises RBS Holdings N.V. and its consolidated subsidiaries.

The pro forma financial information has been prepared for illustrative purposes only on the basis of estimates and assumptions about which assets and liabilities will be transferred. These assumptions are preliminary and subject to ongoing analysis with respect to which specific assets and liabilities will in fact be transferred and which will be retained in RBS N.V. The pro forma information addresses a hypothetical situation and does not represent the actual position or the results of RBS Holdings N.V. nor is it necessarily indicative of the results of operations or financial position that may, or may be expected to, be achieved in the future.

The pro forma financial information includes the following condensed consolidated pro forma information for RBS Holdings N.V. (i) a pro forma condensed consolidated statement of financial position as at 31 December 2010, (ii) a pro forma condensed consolidated income statement for each of the years ended 31 December 2010, 31 December 2009 and 31 December 2008, and (iii) notes to the pro forma financial information.

As at the date of this announcement, Management of RBS Holdings N.V. is not aware of any matters that could impact the results and financial position as presented in the pro forma financial information.

## Unaudited pro forma Condensed Consolidated Statement of Financial Position as at 31 December 2010

	<b>RBS Holdings N.V.<sup>(1)</sup></b>	<b>Proposed Transfers<sup>(2)</sup></b>	<b>Pro Forma Total<sup>(3)(4)</sup></b>
	€m	€m	€m
<b>Assets</b>			
Cash and balances at central banks .....	8,323	8,142	181
Loans and advances to banks .....	26,705	25,246	1,459
Loans and advances to customers .....	44,496	37,476	7,020
Debt securities.....	52,260	23,294	28,966
Equity shares.....	22,634	21,131	1,503
Settlement balances.....	3,573	3,399	174
Derivatives .....	28,272	25,837	2,435
Other assets .....	14,119	10,481	3,638
<b>Total assets</b> .....	<b>200,382</b>	<b>155,006</b>	<b>45,376</b>
<b>Liabilities</b>			
Deposits by banks .....	31,985	10,682	21,303
Customer accounts .....	54,905	50,258	4,647
Debt securities in issue.....	53,411	46,042	7,369
Settlement balances and short positions.....	5,202	4,936	266
Derivatives .....	35,673	31,467	4,206
Other liabilities.....	14,234	9,049	5,185
<b>Total liabilities</b> .....	<b>195,410</b>	<b>152,434</b>	<b>42,976</b>
<b>Equity</b>			
Non-controlling interests.....	24	10	14
Shareholders of the parent company .....	4,948	2,562	2,386
<b>Total equity</b> .....	<b>4,972</b>	<b>2,572</b>	<b>2,400</b>
<b>Total equity and liabilities</b> .....	<b>200,382</b>	<b>155,006</b>	<b>45,376</b>

### Notes:

- (1) This financial information for RBS Holdings N.V. as at 31 December 2010 has been extracted from audited financial information contained within the Annual Report and Accounts of RBS Holdings N.V. published on 29 March 2011.
- (2) This represents the value of the assets, liabilities and equity as at 31 December 2010 proposed to be transferred to RBS plc over the period up until 31 December 2013. See "Notes to the pro forma financial information relating to RBS Holdings N.V." for further information.
- (3) This represents the value of the assets, liabilities and equity as at 31 December 2010 assuming the Proposed Transfers had occurred at that date.
- (4) As part of the Proposed Transfers it is assumed that all intercompany transactions are settled and that the retained business is refinanced according to its funding needs.

**Unaudited pro forma Condensed Consolidated Income Statement for the year ended 31 December 2010**

	<b>RBS Holdings N.V.<sup>(1)</sup></b>	<b>Proposed Transfers<sup>(2)</sup></b>	<b>Pro Forma Total<sup>(3)</sup></b>
	€m	€m	€m
<b>Net interest income</b> .....	<b>1,427</b>	<b>986</b>	<b>441</b>
Fees and commissions receivable .....	1,152	1,019	133
Fees and commissions payable .....	214	113	101
Income from trading activities .....	1,131	1,074	57
Other operating (loss)/income .....	(52)	108	(160)
<b>Non-interest income</b> .....	<b>2,445</b>	<b>2,314</b>	<b>131</b>
<b>Total income</b> .....	<b>3,872</b>	<b>3,300</b>	<b>572</b>
Operating expenses .....	(3,380)	(3,035)	(345)
<b>Profit before impairment losses</b> .....	<b>492</b>	<b>265</b>	<b>227</b>
Impairment losses .....	(67)	93	(160)
<b>Operating profit before tax</b> .....	<b>425</b>	<b>358</b>	<b>67</b>
Tax (charge)/credit .....	(302)	(303)	1
<b>Profit for the year from continuing operations</b> .....	<b>123</b>	<b>55</b>	<b>68</b>
<i>Attributable to:</i>			
Non-controlling interests.....	(2)	—	(2)
Shareholders of parent company .....	<b>125</b>	<b>55</b>	<b>70</b>

For notes to this table refer page 8.

**Unaudited pro forma Condensed Consolidated Income Statement for the year ended 31 December 2009**

	<b>RBS Holdings N.V.<sup>(1)</sup></b>	<b>Proposed Transfers<sup>(2)</sup></b>	<b>Pro Forma Total<sup>(3)</sup></b>
	€m	€m	€m
<b>Net interest income</b> .....	<b>1,834</b>	<b>1,546</b>	<b>288</b>
Fees and commissions receivable .....	1,506	1,297	209
Fees and commissions payable .....	(483)	(455)	(28)
(Loss)/income from trading activities .....	(303)	(634)	331
Other operating loss .....	(1,157)	(724)	(433)
<b>Non-interest (loss)/income</b> .....	<b>(437)</b>	<b>(516)</b>	<b>79</b>
<b>Total income</b> .....	<b>1,397</b>	<b>1,030</b>	<b>367</b>
Operating expenses .....	(4,621)	(3,914)	(707)
<b>Loss before impairment losses</b> .....	<b>(3,224)</b>	<b>(2,884)</b>	<b>(340)</b>
Impairment losses .....	(1,623)	(1,055)	(568)
<b>Operating loss before tax</b> .....	<b>(4,847)</b>	<b>(3,939)</b>	<b>(908)</b>
Tax credit/(charge) .....	465	586	(121)
<b>Loss for the year from continuing operations</b> .....	<b>(4,382)</b>	<b>(3,353)</b>	<b>(1,029)</b>
<i>Attributable to:</i>			
Non-controlling interests.....	(1)	—	(1)
Shareholders of parent company .....	(4,381)	(3,353)	(1,028)

For notes to this table refer to page 8.

**Unaudited pro forma Condensed Consolidated Income Statement for the year ended 31 December 2008**

	<b>RBS Holdings N.V.<sup>(1)</sup></b>	<b>Proposed Transfers<sup>(2)</sup></b>	<b>Pro Forma Total<sup>(3)</sup></b>
	€m	€m	€m
<b>Net interest income</b> .....	<b>2,835</b>	<b>2,437</b>	<b>398</b>
Fees and commissions receivable .....	1,681	1,457	224
Fees and commissions payable .....	(374)	(457)	83
Loss from trading activities.....	(7,716)	(5,494)	(2,222)
Other operating loss .....	(1,763)	(1,816)	53
<b>Non-interest (loss)/income</b> .....	<b>(8,172)</b>	<b>(6,310)</b>	<b>(1,862)</b>
<b>Total income/(loss)</b> .....	<b>(5,337)</b>	<b>(3,873)</b>	<b>(1,464)</b>
Operating expenses .....	(7,844)	(4,956)	(2,888)
<b>Loss before impairment losses</b> .....	<b>(13,181)</b>	<b>(8,829)</b>	<b>(4,352)</b>
Impairment losses .....	(2,920)	(1,973)	(947)
<b>Operating loss before tax</b> .....	<b>(16,101)</b>	<b>(10,802)</b>	<b>(5,299)</b>
Tax credit/(charge) .....	2,736	2,331	405
<b>Profit/(loss) for the year from continuing operations</b> ...	<b>(13,365)</b>	<b>(8,471)</b>	<b>(4,894)</b>
<i>Attributable to:</i>			
Non-controlling interests.....	15	—	15
Shareholders of parent company .....	(13,380)	(8,471)	(4,909)

Notes:

- (1) This financial information for RBS Holdings N.V. has been extracted from audited financial information contained within the Annual Report and Accounts of RBS Holdings N.V. published on 29 March 2011.
- (2) This represents the income and expenses relating to the Proposed Transfers for the years ended 31 December 2010, 2009 and 2008. See “Notes to the pro forma financial information relating to RBS Holdings N.V.” for further information.
- (3) This represents the income and expenses for the years ended 31 December 2010, 2009 and 2008 assuming the Proposed Transfers had occurred on 1 January of the respective years.



## Notes to the pro forma financial information relating to RBS Holdings N.V.

### 1 Basis of preparation

The pro forma financial information for RBS Holdings N.V. as at 31 December 2010, and for the years ended 31 December 2010, 31 December 2009 and 31 December 2008 respectively, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the European Union. The financial information has been extracted from audited financial information for the year ended 31 December 2010 contained within the Annual Report and Accounts of RBS Holdings N.V. published on 29 March 2011 and does not reflect subsequent events.

The pro forma financial information has been prepared on the following basis:

- The pro forma financial information has been prepared on the basis of management's best estimate of the relevant third party assets and liabilities of RBS N.V. that will be transferred to RBS plc.
- The pro forma condensed consolidated statement of financial position of RBS Holdings N.V. as at 31 December 2010 is presented to show the effect of the Proposed Transfers as if the Proposed Transfers had occurred on 31 December 2010.
- The pro forma condensed consolidated income statements of RBS Holdings N.V. for the years ended 31 December 2010, 2009 and 2008 respectively, are presented to show the effect of the Proposed Transfers as if the Proposed Transfers had occurred on 1 January of the respective years.
- Assets and liabilities to be transferred are presented based on their carrying values determined under IFRS. The allocation of equity was assessed on a global basis to reflect the expected level of capital support required by the transferring and retained businesses. Pre-existing intra-group funding was treated as settled upon transfer with new funding allocated as needed to reflect the financing needs of the transferring and retained businesses. Certain modifications were applied where, in the opinion of management, material non-recurring profit and loss items could be allocated more reliably on an individual basis.
- The Proposed Transfers are subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures, any of which may significantly change the pro forma information from that presented.

The same accounting policies were followed in the pro forma financial information as were applied in the preparation of RBS Holdings N.V. financial statements for the year ended 31 December 2010.

### 2 Businesses to be transferred as part of the Proposed Transfers

RBS N.V.'s businesses include the following product areas: Equities & Structured Retail Products, Emerging Markets, Lending, Global Transaction Services (GTS), and Short Term Markets & Financing (STMF). The Proposed Transfers comprise a number of subsidiary companies and specific product portfolios together with associated hedging. RBS N.V. also currently holds directly and indirectly certain other assets which are owned by RBSG jointly with the Dutch State and Santander (the **Consortium Shared Assets**); these are part of the retained businesses.

It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain

securities issued by RBS N.V.) is expected to have taken place by the end of 2012. This will be subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

It is not certain whether such transfers (or any of them) will be effected at the value used for the pro forma financial information. No person should place any reliance on the pro forma financial information in connection with making an investment decision or for any other purpose and should be aware that changes to the current proposals (including, without limitation, to the assets and liabilities to be transferred or retained, the eventual manner in which such assets and liabilities are proposed to be transferred and to the timing pursuant to which they are proposed to be transferred) may be made if required, or if determined by RBS N.V. or RBS plc (in their absolute discretion) to be desirable for commercial or other reasons. Accordingly, nothing in this pro forma financial information should be taken as (or is) a representation that any of the assets and liabilities referred to will be transferred or retained, whether in a manner consistent with the figures contained in this pro forma financial information, in accordance with the timing set out above, or at all. For the avoidance of doubt, this pro forma financial information has been prepared and circulated solely for information purposes and does not constitute an offer to any person.

### **3 Overview of RBS Holdings N.V. after the Proposed Transfers**

For legal, tax and other reasons, there are expected to be certain operations, assets and liabilities in RBS N.V. which will not be transferred to RBS plc. RBSG is committed to providing the necessary support to ensure that RBS N.V. continues to meet its commitments during and after the Proposed Transfers. Following completion of the Proposed Transfers, RBS N.V. will continue to be authorised and regulated by DNB.

## **Assurance Report on unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V.**

Below is the text of an Assurance Report on the unaudited pro forma condensed consolidated statement of financial position as at 31 December 2010, the unaudited pro forma condensed consolidated income statement for the year ended 31 December 2010 and the notes thereto relating to RBS Holdings N.V., dated 19 April 2011 and issued by Deloitte Accountants B.V., chartered accountants (*'registeraccountants'*) (the **Assurance Report**).

Each of RBS Holdings N.V. and RBS N.V. confirms that the information in the Assurance Report has been accurately reproduced and that as far as each of RBS Holdings N.V. and RBS N.V. is aware and able to ascertain from information published by the Deloitte Accountants B.V., no facts have been omitted which would render the Assurance Report inaccurate or misleading.

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To the holders of debt instruments issued by  
RBS Holdings N.V.

## **Assurance Report on the Unaudited Pro Forma Condensed Consolidated Financial Information**

### ***Introduction***

In accordance with Commission Regulation No. 809/2004 (the **Prospectus Regulation**), we report on the unaudited pro forma condensed consolidated financial information of RBS Holdings N.V. (the **pro forma information**), which comprise the unaudited pro forma condensed consolidated statement of financial position as at 31 December 2010, the unaudited pro forma condensed consolidated income statement for the year ended 31 December 2010 and the notes thereto.

The pro forma information has been prepared on the basis described in the paragraph “Basis of preparation”, and for illustrative purposes only, to illustrate the estimated effects of the proposed transfers from RBS Holdings N.V. to The Royal Bank of Scotland plc on the condensed consolidated financial information as at and for the year ended 31 December 2010 as if such transfer of businesses had occurred on 31 December 2010 (in relation to the condensed consolidated statement of financial position of RBS Holdings N.V.) and as if such transfer of businesses had occurred on 1 January 2010 (in relation to the condensed consolidated

income statement of RBS Holdings N.V.). The pro forma information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of RBS Holdings N.V.

It is the responsibility of the management of RBS Holdings N.V. to prepare the pro forma information in accordance with the requirements of the Prospectus Regulation. It is our responsibility to provide the conclusion as required by Annex II item 7 of the Prospectus Regulation. We are not responsible for expressing any other opinion on the pro forma information or on any of its constituent elements. In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### ***Scope***

We conducted our procedures in accordance with Dutch law and Standard 3850N ‘Assurance and Other Engagements related to Prospectuses’. Our procedures, which involved no examination of any of the underlying financial information, consisted primarily of comparing the financial information in the pro forma information with the source documents, considering the evidence supporting the pro forma information and of enquiries with the management of RBS Holdings N.V.

We planned and performed our procedures so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of RBS Holdings N.V.

We believe that our procedures performed provide a reasonable basis for our conclusion.

### ***Opinion***

In our opinion:

The unaudited pro forma condensed consolidated statement of financial position as at 31 December 2010 and the unaudited pro forma condensed consolidated income statement for the year ended 31 December 2010:

- a. have been properly compiled on the basis described in the paragraph “Basis of preparation”; and
- b. the basis is consistent with the accounting policies of RBS Holdings N.V.

This report is required by the Prospectus Regulation and is provided for the purpose of complying with that Prospectus Regulation and for no other purpose.

This report has been prepared for use in accordance with Dutch law and not in accordance with other professional standards. We accept no responsibility to, and deny any liability to, any person or in any way arising from or in connection with the use of this report outside the Netherlands.

Amsterdam, 19 April 2011

Deloitte Accountants B.V.

M.B. Hengeveld”

## SCHEDULE 2

**An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing. In particular, on 19 April 2011, the boards of RBSG, RBS, RBS Holdings and RBS N.V. approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS. Such restructuring and balance sheet reduction programme may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of the Securities.**

The RBSG Group is in the course of implementing an extensive restructuring of its businesses, operations and assets, including those of the Group and other members of the RBSG Group, and may, in the future, consider making further changes to its business, operations, structure and assets.

In particular, on 19 April 2011, the boards of RBSG, RBS, RBS Holdings and RBS N.V. approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the **Proposed Transfers**), subject, among other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures. It is expected that the Proposed Transfers (which exclude the Shared Assets (as defined on page 22 of the Registration Document)) will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is expected to have taken place by the end of 2012. The Proposed Transfers include a proposal to change the issuer of a number of securities issued by RBS N.V. which will include some or all of the securities issued by RBS N.V. between 19 April 2011 (being the date of the most recent supplement to the Registration Document) and the date(s) that the Proposed Transfers take effect. However, there is no assurance that any securities will be transferred to RBS or, if transferred, when such transfer may take place. RBSG is committed to providing all the necessary support to ensure RBS N.V. continues to meet its commitments during and after the Proposed Transfers. Nevertheless, it is possible that the Proposed Transfers might have a material adverse impact on the Group's business, financial condition, results of operations and prospects, and an adverse impact on RBS N.V.'s credit ratings, and may also negatively impact the value of the securities issued by RBS N.V. If securities issued by RBS N.V. are transferred to RBS, the fact of such transfer and/or the fact that RBS is a Scottish incorporated company might impact holders of such securities, whether for tax reasons or otherwise. For further information see the press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" published by RBS N.V. on 19 April 2011, which is incorporated by reference herein.

In addition, as part of the restructuring by RBSG of its businesses, operations and assets and the Group's refocus on core strengths and its disposal programme, RBS Holdings has been restructured into Core and Non-Core components. The Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by 2013 and, during the course of 2010, it concluded the sales of businesses in Latin America, Asia, Europe and the Middle East.

Because the ability to dispose of assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which may remain challenging, there is no assurance that the Group will be able to sell or run-down (as applicable) those remaining businesses it is seeking to exit either on favourable economic terms to the Group or at all. Tax liabilities could arise on the disposal of assets. Furthermore, where transactions are entered into for the purpose of selling non-core assets and businesses, they may be subject to conditions precedent, including government and regulatory approvals and completion mechanics that in certain cases may entail consent from customers. There is no assurance that such conditions precedent will be satisfied, or consents and approvals obtained, in a timely manner or at all. Any of the above factors could affect the Group's ability to implement their strategic plan and have a material adverse effect on

the business, results of operations, financial condition, capital ratios and liquidity of the Group and could result in a loss of value in the securities issued by RBS N.V.

In addition, the Group may be liable for any deterioration in businesses being sold between the announcement of the disposal and its completion. In certain cases, the period between the announcement of a transaction and its completion may be lengthy and may span many months. Other risks that may arise out of the disposal of the Group's assets include ongoing liabilities up to completion of the relevant transaction in respect of the assets and businesses disposed of, commercial and other risks associated with meeting covenants to the buyer during the period up to completion, the risk of employee and customer attrition in the period up to completion, substantive indemnity obligations in favour of the buyer, the risk of liability for breach of warranty, the need to continue to provide transitional service arrangements for potentially lengthy periods following completion of the relevant transaction to the businesses being transferred and redundancy and other transaction costs. Further, the Group may be required to enter into covenants agreeing not to compete in certain markets for specific periods of time. In addition, the Group will lose existing customers, deposits and other assets (both directly through the sale and potentially through the impact on the rest of the Group's business arising from implementing the restructuring plans) and the potential for realising additional associated revenues and margins that it otherwise might have achieved in the absence of such disposals.

Any of the above factors could negatively affect the Group's ability to implement its strategic plan and have a material adverse effect on the Group's business, results of operations, financial condition, capital ratios and liquidity and could result in a loss of value in the securities issued by RBS N.V.

Any restructuring may impact issues of securities by RBS N.V. and may result in changes to the businesses, operations and assets of RBS Holdings and RBS N.V.

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**LaunchPAD Programme**

**Supplementary Prospectus dated 7 April 2011**

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



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**The Royal Bank of Scotland N.V.**  
(Registered at Amsterdam, The Netherlands)  
(the **Issuer**)

**RBS LaunchPAD Programme**

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- 1 This Supplement dated 7 April 2011 (this **Supplement**) constitutes the sixth supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2010 (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.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 29 March 2011, RBS Holdings N.V. (**RBS Holdings**) published its Annual Report and Accounts 2010 (the **2010 Annual Report**) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010 (prepared in accordance with International Financial

Reporting Standards as adopted by the European Union (**IFRS**)). The audited consolidated annual financial statements of RBS Holdings appear on pages 96 to 193 of the 2010 Annual Report and the auditor's report thereon appears on page 199 of the 2010 Annual Report. The 2010 Annual Report has been previously filed with the AFM.

- 7 On 5 April 2011, the Issuer published a registration document dated 5 April 2011 (the **Registration Document**). The Registration Document has been approved by the AFM.
- 8 The following documents shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus:
  - 8.1 the Registration Document;
  - 8.2 the 2010 Annual Report (excluding the section headed “Business Review — Risk Factors” on page 9 and the section headed “Additional Information — Risk Factors” on pages 221 to 231); and
  - 8.3 the ABN AMRO Holding N.V. Annual Report 2009 (the **2009 Annual Report**) (excluding the section headed “Risk Factors” on pages 61 to 68) which includes the audited consolidated annual financial statements of ABN AMRO Holding N.V. (now renamed RBS Holdings N.V.) as at and for the year ended 31 December 2009 (prepared in accordance with IFRS). The audited consolidated annual financial statements of ABN AMRO Holding N.V. appear on pages 82 to 235 of the 2009 Annual Report and the auditor’s report thereon appears on pages 193 to 197 of the 2009 Annual Report.
- 9 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference in the Base Prospectus, by virtue of this Supplement) of the 2010 Annual Report and the Registration Document:
  - 9.1 the sub-sections headed “History and Incorporation”, “Overview”, “Group Organisational Structure”, “Separation from the ABM AMRO Group” and “Risk Factors” in the section headed “Summary” shall be deleted in their entirety and replaced with the paragraphs headed the same set out in the Schedule to this Supplement; and
  - 9.2 the following documents incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated:
    - 9.2.1 the registration document of the Issuer dated 1 July 2010;
    - 9.2.2 the publicly available consolidated financial statements of RBS Holdings in respect of the financial years ended 31 December 2009, 31 December 2008 and 31 December 2007 respectively and the auditor’s reports for the respective years as included in the annual report for each of those financial years;
    - 9.2.3 the unaudited pro forma condensed consolidated financial information relating to RBS Holdings for the year ended 31 December 2009 as included in the press release announcing completion of the legal separation dated 1 April 2010;
    - 9.2.4 the terms of reference of the Audit Committee as set out in the Rules Governing the Supervisory Board’s Principles and Best Practices dated 29 April 2010;
    - 9.2.5 the publicly available press release in connection with the RBS Holdings first quarter 2010 financial results dated 9 June 2010; and
    - 9.2.6 the publicly available interim report in connection with the RBS Holdings financial results of the first half year of 2010, published on 31 August 2010.



- 10** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).
- 11** 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.
- 12** To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) above will prevail.
- 13** Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or been noted since the publication of the Base Prospectus.

**The Royal Bank of Scotland N.V.**

## SCHEDULE

### History and Incorporation:

RBS N.V. is a public limited liability company incorporated under Dutch law on 7 February 1825. RBS N.V. is registered in the Trade Register of Amsterdam under number 33002587. RBS N.V.'s registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) ("**RBS Holdings**"), which is a public limited liability company incorporated under Dutch law on 30 May 1990. The registered office of RBS Holdings is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS Holdings has one subsidiary, RBS N.V. and RBS N.V. has various subsidiaries.

As used herein, the "**Group**" refers to RBS Holdings and its consolidated subsidiaries. The term "**RBSG**" refers to The Royal Bank of Scotland Group plc and the "**RBSG Group**" refers to RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards. The term "**RBS**" refers to The Royal Bank of Scotland plc.

### Overview:

The Issuer is a bank licensed and regulated by the Dutch Central Bank (De Nederlandsche Bank).

The Issuer operates on a significant scale across Europe, the Middle East and Africa (EMEA), the Americas and Asia. As at 31 December 2010, the Group had total consolidated assets of EUR 200 billion.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries, RBS, National Westminster Bank Public Limited Company ("**NatWest**") and RBS N.V. Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group's subsidiary Citizens is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of

products and services to personal, commercial and large corporate and institutional customers.

**Group Organisational Structure:**

The Group comprises the following four segments:

- Global Banking & Markets (“**GBM**”): The GBM segment represents the business providing an extensive range of debt and equity financing, risk management and investment services as a leading banking partner to major corporations and financial institutions around the world. The GBM business within RBS Holdings is organised along four principal business lines: Global Lending, Equities, Short Term Markets & Funding and Local Markets.
- Global Transaction Services (“**GTS**”): GTS provides global transaction services, offering Global Trade Finance, Transaction Banking and International Cash Management.
- Central Items: The Central Items segment includes group and corporate functions, such as treasury, capital management and finance, risk management, legal, communications and human resources. Central Items manages the Group’s capital resources, statutory and regulatory obligations and provides services to the branch network.
- Non-Core Segment: The Non-Core segment contains a range of businesses and asset portfolios managed separately that the Group intends to run off or dispose of, in line with the RBSG Group strategy for Non-Core assets. It also includes the remaining assets and liabilities in RBS N.V. that have not yet been sold, wound down or alternatively transferred by the Consortium Members (as defined below), in which each of the Consortium Members has a joint and indirect interest.

Global Banking & Markets, Global Transaction Services and Central Items comprise the Group’s Core segments.

These RBS N.V. businesses are part of global business units of the RBS Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall business strategy of the RBSG Group. RBS Holdings N.V. has been restructured into Core and

Non-Core components. The RBSG Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by 2013 and has completed the sales of businesses in Latin America, Asia, Europe and the Middle East.

**Separation from the ABN AMRO Group:**

On 17 October 2007, RFS Holdings B.V, which at the time was owned by RBSG, Fortis N.V., Fortis S.A./N.V., Fortis Bank Nederland (Holding) N.V. and Banco Santander, S.A. (“Santander”), completed the acquisition of ABN AMRO Holding N.V., which was renamed RBS Holdings N.V. on 1 April 2010 when the shares in ABN AMRO Bank N.V. were transferred to ABN AMRO Group N.V., a holding company for the interests of the Dutch State. This marked the substantial completion of the restructuring of the activities of ABN AMRO Holding N.V. in accordance with the agreement between RBSG, the Dutch State and Santander (the “**Consortium Members**”). RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within the Group, which is independently rated and regulated by the Dutch Central Bank.

On 31 December 2010, the share capital of RFS Holdings B.V. was amended, such that approximately 98 per cent. of RFS Holdings’ issued share capital is now held by RBSG, with the remainder being held by Santander and the Dutch State. Ultimately it is expected that RFS Holdings B.V. will become a wholly-owned subsidiary of RBSG.

**Risk Factors:**

*Risks relating to the Issuer*

Certain factors may affect the Issuer’s ability to fulfil its obligations under the Securities, including:

- The Group is reliant on the RBSG Group.
- The Group’s businesses, earnings and financial condition have been and will continue to be affected by the global economy and instability in the global financial markets.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group’s business, results of operations,

financial condition, capital ratios and liquidity.

- Lack of liquidity is a risk to the Group's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower credit quality and it may continue to be impacted by any further deteriorations including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The actual or perceived failure or worsening credit of the Group's counterparties has adversely affected and could continue to adversely affect the Group.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group operates in markets that are highly competitive and consolidating. If the Group is unable to perform effectively, its business and results of operations will be adversely affected.

- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The Group is subject to enforcement risks relating to the United States Department of Justice's criminal investigation of its dollar clearing activities.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.
- Operational risks are inherent in the Group's operations.
- The Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates.
- The Group's operations have inherent reputational risk.
- The Group's business and earnings may be adversely affected by geopolitical conditions.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the

Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.

- In addition to the risk factors described above, the Group is also subject to additional risks related to the entry by RBSG Group into the asset protection scheme and the two back to back contracts entered into by RBS in connection with certain assets and exposures of RBS N.V. and its wholly-owned subsidiaries.

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

10 March 2011

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**FIFTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES**



**THE ROYAL BANK OF SCOTLAND N.V.**  
*(Registered at Amsterdam, The Netherlands)*  
(the **Issuer**)

**RBS LaunchPAD Programme**

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1. This Supplement dated 10 March 2011 (the “**Supplement**”) constitutes a supplementary prospectus to the documents set out below which have been prepared in connection with the LaunchPAD Programme established by Royal Bank of Scotland N.V. (the “**Issuer**”). Terms defined in the Base Prospectus (as defined below) have the same meaning when used in this Supplement.
2. This Supplement is the fifth supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes (the “**Base Prospectus**”) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2010.
3. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
4. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.
5. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
6. 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.

7. The Issuer proposes to amend the **General Conditions** Section beginning on page 57 of the Base Prospectus, by deleting the Substitution provision in Section 8 on page 61 and replacing it with the text below. The full, amended text of the General Conditions Section, is set out in Annex A, attached hereto.

8. SUBSTITUTION

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

- (A) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB, (“**RBS Plc**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or

- (B) any entity which (i) acquires all or substantially all of the undertaking and/or assets of the Issuer or (ii) acquires the beneficial ownership of the whole of the issued voting stock and/or share capital of the Issuer or (iii) into which the Issuer is amalgamated, merged or reconstructed and where the Issuer is not the continuing company (such entity, a “**Successor in Business**” or the “**Substitute**”) subject to the Issuer having given at least 30 days prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or

- (C) the holding company of the Issuer (the holding company currently being The Royal Bank of Scotland Group plc, company number SC045551) (the “**Holding Company**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or

- (D) any entity other than RBS Plc, a Successor in Business or the Holding Company (also, the “**Substitute**”), subject to: the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; and the Issuer or RBS Plc having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Holders;

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

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

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.
8. Copies of the Base Prospectus and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).
  9. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectuses by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectuses, the statements in (a) above will prevail.
  10. Save as disclosed in this Supplement and any supplement to the Base Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

**The Royal Bank of Scotland N.V.**

## ANNEX A

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### CONDITIONS: GENERAL CONDITIONS

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

1. DEFINITIONS

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

2. STATUS

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

3. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (“**Applicable Law**”). In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to

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

4. NOTICES

(a) Notices to Holders shall be given by the delivery of the relevant notice to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such notice to the Holders. The Issuer shall also ensure that notices are duly published, to the extent required, in a manner which complies (i) with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or in the country in which such Securities have been admitted to trading and (ii) with any relevant legislation. In addition, for Securities listed on the SIX Swiss Exchange Ltd, the Issuer shall have the right but (without prejudice to the previous sentence) shall not be obliged to publish notices in electronic form on the internet website of the SIX Swiss Exchange Ltd) [http://www.six-exchange-regulation.com/publications/communiqués/official\\_notices\\_en.html](http://www.six-exchange-regulation.com/publications/communiqués/official_notices_en.html) if and so long as the Securities are listed on the SIX Swiss Exchange Ltd.

(b) Any such notice issued pursuant to General Condition 4(a) by being delivered to the Clearing Agent(s) will be deemed to have been given on the date of the delivery of such notice to the Clearing Agent(s). Any such notice issued pursuant to General Condition 4(a) by being published will be deemed to have been given on the date of the first publication (for the avoidance of doubt, such notice having been published by any valid means) or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

5. HEDGING DISRUPTION

(a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a): (i) if it determines that a Hedging Disruption Event has occurred; and (ii) of the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).

(b) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if the Issuer, acting in good faith and in a commercially reasonable manner, determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer or any Hedge Provider wholly or partially to (i) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of a relevant hedging transaction (a “**Relevant Hedging Transaction**”) or asset it deems necessary, appropriate or desirable to hedge the Issuer’s obligations in respect of the

Securities or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). The reasons for such determination by the Issuer may include, but are not limited to, the following:

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

In the Conditions:

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

“**Hedge Provider**” includes but is not limited to the Issuer, any associate, subsidiary or affiliate thereof and/or The Royal Bank of Scotland plc and/or any other party(ies) and/or any

special purpose vehicle(s) holding or entering into a Hedge Position in connection with the Issuer's hedging arrangements in respect of the Securities.

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

assured return of principal and/or interest or coupons on the relevant Settlement Date or Maturity Date, or Interest Payment Date, as applicable.

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

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

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

#### 7. DETERMINATIONS AND MODIFICATIONS

- (a) Determinations.
  - (i) In making any determinations and calculations under these Conditions, the Issuer and the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner. All such determinations and calculations by the Issuer and the Calculation Agent shall, in the absence of manifest error, be final and binding.
  - (ii) Whilst it is intended that the Issuer and the Calculation Agent will employ the methodology described in the Conditions to make determinations in respect

of the Securities, no assurance can be given that market, regulatory, judicial or fiscal circumstances or, without limitation, any other circumstances will not arise that would necessitate a modification or change in such methodology in order that the Securities replicate as closely as possible investments in the assets underlying the Securities and its components. The Issuer and the Calculation Agent may make any such modification or change to such methodology that it considers necessary to reflect such circumstances.

- (iii) Calculations made by the Issuer or the Calculation Agent in respect of the Securities shall be made on the days specified herein; however, notwithstanding the foregoing or anything else contained in these Conditions, should the Issuer or the Calculation Agent determine that in order to give effect to the methodology described in these Conditions it is necessary to make calculations on a day or days other than that specified, then each of the Issuer and the Calculation Agent is permitted to make such calculations on such calendar day or days as it shall determine.
  - (iv) Due to timing considerations, process requirements and other matters that would, in the opinion of the Issuer or the Calculation Agent, be relevant in relation to the implementation of asset allocation models, the Issuer or the Calculation Agent may need to make appropriate adjustments to the methodology set out in the terms and conditions as it considers necessary in order to reflect the timing and amounts that would be applicable were the Issuer or the Calculation Agent physically implementing the methodology set out in the Securities.
- (b) Modifications. The Issuer may, without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## 8. SUBSTITUTION

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



- (A) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB, (“**RBS Plc**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or
- (B) any entity which (i) acquires all or substantially all of the undertaking and/or assets of the Issuer or (ii) acquires the beneficial ownership of the whole of the issued voting stock and/or share capital of the Issuer or (iii) into which the Issuer is amalgamated, merged or reconstructed and where the Issuer is not the continuing company (such entity, a “**Successor in Business**” or the “**Substitute**”) subject to the Issuer having given at least 30 days prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or
- (C) the holding company of the Issuer (the holding company currently being The Royal Bank of Scotland Group plc, company number SC045551) (the “**Holding Company**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or
- (D) any entity other than RBS plc, a Successor in Business or the Holding Company (also, the “**Substitute**”), subject to: the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; and the Issuer or RBS plc having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Holders;

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

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

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

9. TAXATION

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

10. REPLACEMENT OF SECURITIES AND COUPONS

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have been given to Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities and Coupons must be surrendered before replacements will be issued. This General Condition will not apply to Securities issued in dematerialised form.

11. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Securities shall be redenominated in euro. The election will have effect as follows:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;

- (ii) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a National Currency Unit (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) **Adjustment to Conditions.** The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) **Euro Conversion Costs.** Notwithstanding General Condition 11(a) and/or General Condition 11(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.
- (d) **Definitions Relating to European Economic and Monetary Union.** In this General Condition, the following expressions have the meanings set out below.

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

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

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

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

## 12. AGENTS

- (a) **Principal Agent and Agents.** The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the “**Principal Agent**”) shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Securities are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Conditions. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Holders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) **Calculation Agent.** The Issuer or such other Calculation Agent as specified in the applicable Final Terms, shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent or assignee as approved by the Issuer) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.

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

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

13. SURRENDER OF UNMATURED COUPONS

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

14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

15. GOVERNING LAW AND JURISDICTION

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

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

(c) Subparagraph (b) is for the benefit of the Holders only. As a result, nothing prevents any Holder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

(d) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

16. METHOD OF PAYMENT

For purposes of any payment on a Security (other than an equity certificate issued in registered form), the Clearing Agents may not be United States persons, as defined for United States Federal income tax purposes, and their respective specified offices may not be located

in the United States or any of its possessions. No payment on a Security (other than an equity certificate issued in registered form) shall be made by transfer to an account in the United States (including its possessions) or by cheque mailed to an address in the United States (including its possessions).

17. COMMISSIONS, FEES AND REBATES

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

- (a) The Issuer may pay to a distributor, sales agent or other intermediary fees or commissions. Such fees or commissions are generally required to be disclosed by distributors, sales agents or intermediaries which, in each case, are EEA investment firms or credit institutions to their clients. Each potential investor in the Securities should satisfy itself as to the amount of any fees or commissions received by intermediaries;
- (b) The Issuer may receive or pay management or other fees from or to third parties. Where such fees are payable, further details of them will be set out in the relevant Final Terms; and
- (c) The Issuer may make payments to or receive the benefit of generic commission, discount and rebate arrangements from Hedge Providers and other transaction counterparties. Such arrangements will be as agreed between the Issuer and the third parties.

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

18. EVENTS OF DEFAULT

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

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Securities; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Securities and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) an order is made or an effective resolution is passed for the winding up of the Issuer (excluding a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation in connection with which The Royal Bank of Scotland Group plc or any of its subsidiaries assumes the obligations of the Issuer as principal debtor in respect of the Securities),

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

**“Early Redemption Amount”** means an amount calculated by the Calculation Agent as the fair market value of the Security immediately prior to such Event of Default. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, howsoever expressed, on a relevant Interest Payment Date (if applicable), any such amount to be paid under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons, such present value being determined by the Calculation Agent.

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1 December 2010

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**FOURTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES**



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**THE ROYAL BANK OF SCOTLAND N.V.**

*(Registered at Amsterdam, The Netherlands)*  
(the **Issuer**)

**RBS LaunchPAD Programme**

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1. This Supplement dated 1 December 2010 (the **Supplement**) constitutes the fourth supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes (the **Base Prospectus**) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2010, as supplemented on 6 July 2010, 1 September 2010 and 23 November 2010.
2. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
3. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer.
4. The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
5. On 1 December 2010, the Issuer and RBS Holdings N.V. published a supplement to their Registration Document, a copy of which supplement has been approved by and filed with the AFM (the **RD Supplement**). By virtue of the RD Supplement:
  - (a) the following risk factors were deemed to be deleted from the Registration Document:
    - (i) the risk factor headed "*The financial services industry is subject to extensive regulation, which is undergoing major changes*" on pages 7 and 8 of the Registration Document;
    - (ii) the risk factor headed "*RBS Holdings N.V. Group's business performance could be adversely affected if its capital is not managed effectively or if there are changes to capital adequacy and liquidity requirements*" on pages 10 and 11 of the Registration Document; and



- (iii) the risk factor headed “*The legal demerger and legal separation process creates additional risks for RBS Holdings N.V. Group's business and stability*” on page 14 of the Registration Document; and
  - (b) the risk factors set out in the Schedule to this Supplement were incorporated into, and form part of, the Registration Document.
6. By virtue of this Supplement, the RD Supplement is incorporated into and forms part of the Base Prospectus (along with the Registration Document as supplemented to the date hereof).
  7. Copies of the Base Prospectus and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).
  8. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.
  9. Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.
  10. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

**The Royal Bank of Scotland N.V.**

## SCHEDULE

Capitalised terms used in this Schedule but not defined herein shall have the meanings given to such terms in the Registration Document.

### **The actual or perceived failure or worsening credit of RBS Holdings N.V. Group's counterparties has adversely affected and could continue to adversely affect RBS Holdings N.V. Group**

RBS Holdings N.V. Group's ability to engage in routine funding transactions has been and will continue to be adversely affected by the actual or perceived failure or worsening credit of its counterparties, including other financial institutions and corporate borrowers. RBS Holdings N.V. Group has exposure to many different industries and counterparties and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. As a result, defaults by, or even the perceived creditworthiness of or concerns about, one or more corporate borrowers, financial services institutions, sovereign counterparties or the financial services industry generally, have led to market-wide liquidity problems, losses and defaults and could lead to further losses being incurred by RBS Holdings N.V. Group or by other institutions. Many of these transactions expose RBS Holdings N.V. Group to credit risk in the event of default of RBS Holdings N.V. Group's counterparty or client and RBS Holdings N.V. Group does have significant exposures to certain individual counterparties (including counterparties in certain weakened sectors and markets). In addition, RBS Holdings N.V. Group's credit risk is exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to RBS Holdings N.V. Group, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced in 2008 and 2009. Any such losses could have a material adverse effect on RBS Holdings N.V. Group's results of operations and financial condition or result in a loss of value in securities issued by RBS Holdings N.V. or RBS N.V.

### **RBS Holdings N.V. Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements**

Effective management of RBS Holdings N.V. Group's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy of returning to standalone strength. RBS Holdings N.V. Group is required by regulators in The Netherlands, the United Kingdom, the United States and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources. The maintenance of adequate capital is also necessary for RBS Holdings N.V. Group's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

On 17 December 2009, the Basel Committee on Banking Supervision (the "Basel Committee") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". The Basel Committee published its economic impact assessment on 18 August 2010 and on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements. The Basel Committee's package of reforms includes increasing the minimum common equity requirement from 2% (before the application of regulatory adjustments) to 4.5% (after the application of stricter regulatory adjustments). The total Tier 1 capital requirement, which includes common equity and other qualifying financial instruments, will increase from 4% to 6%. In addition, banks will be required to maintain, in the form of common equity (after the application of deductions), a capital conservation buffer of 2.5% to withstand future periods of stress, bringing the total common equity requirements to 7%. If there is excess credit growth in any given country resulting in a system-wide build up of risk, a countercyclical buffer within a range of 0% to 2.5% of common equity (or other fully loss absorbing capital) is to be applied as an extension of the conservation buffer. The capital requirements are to be supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio will also be introduced. The Basel Committee has confirmed that work continues to ensure that systemically important banks have loss absorbing capacities beyond the above standards. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt. Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible

conversion into ordinary shares) if a bank becomes non-viable. The proposed reforms are expected to be implemented by the end of 2012, however the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019.

These and other future changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates, including the European Commission's public consultation on further possible changes to the Capital Requirements Directive launched in February 2010, may require RBS Holdings N.V. Group to raise additional Tier 1 (including Core Tier 1) and Tier 2 capital and could result in existing Tier 1 and Tier 2 securities issued by RBS Holdings N.V. Group ceasing to count towards RBS Holdings N.V. Group's regulatory capital, either at the same level as present or at all. If RBS Holdings N.V. Group is unable to raise the requisite Tier 1 and Tier 2 capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposal of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to RBS Holdings N.V. Group.

Any change that limits RBS Holdings N.V. Group's ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions, a growth in unfunded pension exposures or otherwise) or to access funding sources, could have a material adverse impact on RBS Holdings N.V. Group's financial condition and regulatory capital position or result in a loss of value in securities issued by RBS Holdings N.V. or RBS N.V.

**Each of RBS Holdings N.V. Group's businesses is subject to substantial regulation and oversight. Any significant regulatory developments could have an effect on how RBS Holdings N.V. Group conducts its business and on its results of operations and financial condition**

RBS Holdings N.V. Group is subject to financial services laws, regulations, corporate governance requirements, administrative actions and policies in each location in which it operates. All of these are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention, changes to the regulations governing financial institutions and reviews of the industry, including nationalisations in the United States, the United Kingdom and other European countries during 2008 and 2009. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including any requirements imposed by virtue of RBS Holdings N.V. Group's participation in government or regulator-led initiatives), RBS Holdings N.V. Group expects to face greater regulation in The Netherlands, the United Kingdom, the United States and other countries in which it operates, including throughout the rest of Europe.

Although it is difficult to predict with certainty the effect that recent regulatory developments will have on RBS Holdings N.V. Group, the enactment of legislation and regulations may result in an increase in RBS Holdings N.V. Group's capital and liquidity requirements and costs and have an adverse impact on how RBS Holdings N.V. Group conducts its business, on the products and services it offers, on the value of its assets and on its results of operations and financial condition or result in a loss of value in securities issued by RBS Holdings N.V. and RBS N.V.

Other areas in which, and examples of where, governmental policies and regulatory changes could have an adverse impact include, but are not limited to:

- the monetary, interest rate, capital adequacy, liquidity, balance sheet leverage and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which RBS Holdings N.V. Group operates, increase the costs of doing business in those markets or result in a reduction in the credit ratings of members of RBS Holdings N.V. Group;

- changes in regulatory requirements relating to capital and liquidity or prudential rules relating to the capital adequacy framework;
- other general changes in the regulatory requirements, such as the imposition of onerous compliance obligations, restrictions on business growth or pricing, new levies or taxes or fees, requirements in relation to the structure and organisation of RBS Holdings N.V. Group and requirements to operate in a way that prioritises objectives other than shareholder value creation;
- a separation of retail banking from investment banking and restrictions on proprietary trading and similar activities within a commercial bank and/or a group which contains a commercial bank;
- employee remuneration;
- changes to financial reporting standards;
- changes in competition and pricing environments;
- further developments in financial reporting, corporate governance, corporate structure, conduct of business and employee compensation;
- differentiation among financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees;
- implementation of, or costs related to, local customer or depositor compensation or reimbursement schemes;
- transferability and convertibility of currency risk;
- expropriation, nationalisation and confiscation of assets;
- changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for RBS Holdings N.V. Group's products and services.

**The legal demerger and legal separation process and the implementation of the extensive restructuring of the businesses, operations and assets within RBS Holdings N.V. Group creates additional risks for the business and stability of RBS Holdings N.V. Group and the value of securities in issue by RBS Holdings N.V. and RBS N.V.**

RBS Holdings N.V. Group is going through a period of transition and change, which poses additional risks to RBS Holdings N.V. Group's business including (i) RBS Holdings N.V. Group's ability to manage the break up of the former ABN AMRO in a controlled manner while minimising the loss of business, (ii) RBS Holdings N.V. Group's ability to retain key personnel during the transition and (iii) enhanced operational and regulatory risks during this period. During this period of transition and change and as a result of the legal demerger and legal separation, RBS N.V. and the new ABN AMRO Bank will remain interdependent with respect to certain business areas, for which they will inter alia provide certain services to each other.

In addition, The Royal Bank of Scotland Group plc and its subsidiaries consolidated in accordance with International Financial Reporting Standards is in the course of implementing an extensive restructuring of its businesses, operations and assets, including those of its subsidiaries and subsidiary undertakings, and may, in the future, consider making further changes to its business, operations, structure and assets. Any future restructuring may impact issues of securities by RBS Holdings N.V. and RBS N.V. and may result in changes to their businesses, operations and assets. Although it is difficult to determine the impact that such changes may have (if any) on RBS Holdings N.V. or RBS N.V., these changes may have a material adverse impact on their business, financial condition, results of operations and prospects and RBS Holdings N.V.'s and RBS N.V.'s credit ratings, and may also negatively impact the value of their securities in issue.

23 November 2010

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**THIRD SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES**



**THE ROYAL BANK OF SCOTLAND N.V.**  
*(Registered at Amsterdam, The Netherlands)*  
(the **Issuer**)

**RBS LaunchPAD Programme**

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1. This Supplement dated 23 November 2010 (the “**Supplement**”) constitutes a supplementary prospectus to the documents set out below which have been prepared in connection with the LaunchPAD Programme established by Royal Bank of Scotland N.V. (the “**Issuer**”). Terms defined in the Base Prospectus (as defined below) have the same meaning when used in this Supplement.
2. This Supplement is the third supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes (the “**Base Prospectus**”) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2010.
3. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
4. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.
5. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
6. 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.

7. The following amendments to the Base Prospectus shall be made, in order to ensure that the Base Prospectus complies with the Swiss exchange listing rules, as specified below in italic text:

(i) The **cover page** shall be amended by the addition of the following as a final paragraph:

*“The Securities do not constitute units of collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (“CISA”) and are not subject to the approval of, or supervision by the Swiss Financial Market Supervisory Authority (“FINMA”). Holders of the Securities are exposed to the credit risk of the Issuer.”*

(ii) **Page 1** of the Base Prospectus shall be amended by the addition of the following paragraph:

*“This Base Prospectus will be filed with the SIS Swiss Exchange Ltd and application may be made to list the Securities under the Programme on the SIX Swiss Exchange Ltd. In respect of Securities to be listed on the SIX Swiss Exchange Ltd, the Programme, together with the Final Terms, will constitute the listing prospectus pursuant to the Listing Rules of the SIX Swiss Exchange Ltd.”*

(iii) In the **Risk Factors Section** beginning on page 19 under the heading **“The Securities may not be a suitable investment for all investors”**, the following section (f) will be added:

*(f) NOT consider that the issue of Securities linked to a particular Underlying is a recommendation by the Issuer to invest (whether directly or indirectly) in that Underlying or any of its constituent elements. The Issuer and/or its affiliates may make investment decisions for themselves which differ from those that a potential investor would make by investing in the Securities. In particular, investment decisions of the Issuer and/or its affiliates are based on their current economic circumstances, overall credit exposure, risk tolerance and economic conditions, which are subject to change. The Issuer is not required to hold the Underlying (or its constituent elements) as a hedge and it may chose not to do so.*

(iv) the **Responsibility Statement** on page 27 shall be amended by the words “as completed and/or amended by the Final Terms” so as to read:

*“The Issuer accepts responsibility for the information contained in this Base Prospectus, as completed and/or amended by the Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.”*

(v) In the **Section “Essential Characteristics of the Issuer”** beginning on page 28 the following sections will be added:

*“Issued Financial Instruments on the Issuer’s securities*

*At the time hereof, there are no convertible bonds or options on the issuer's securities (including employee options) outstanding which have been issued by the Issuer or by group companies of the Issuer.*

*Equity Securities*

*All the Issuer's ordinary shares are held by RBS Holdings N.V. and are not listed or traded.”*

(vi) the **Section “Documents Incorporated by Reference”** shall be amended as follows:

- (a) the words “*together with the documents incorporated therein,*” shall be added so as to read:

*“The Issuer’s registration document dated 1 July 2010 (the “Registration Document”) prepared in accordance with Article 5(3) of the Prospectus Directive was published prior to the date of this Base Prospectus, has been approved by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) in its capacity as competent authority under the Act on Financial Supervision (Wet op het financieel toezicht (Wft) 2007) (the “Competent Authority”) and shall, together with the documents incorporated therein, be incorporated in, and form part of, this Base Prospectus.”*

And the words “*among other documents incorporated into the Registration Document by reference,*” so as to read:

*The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the AFM shall, among other documents incorporated into the Registration Document by reference, be deemed to be incorporated in, and to form part of, this Base Prospectus:*

- (b) The following section F shall be added:

*f) the publicly available interim report in connection with the RBS Holding N.V. financial results of the first half year of 2010, published on 31 August 2010.*

- (c) The following final paragraph shall be added:

*“Material Change*

*Material changes of the Issuer's financial position since the date of this Base Prospectus will trigger the need for a supplement to this Base Prospectus under Article 16 of Directive 2003/71/EC and Swiss Listing Rule Scheme F 2.2.5. Any supplements to this Base Prospectus are accessible at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com) or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom”*

- (vii) In the Section headed “**Taxation**” beginning on page 32 the following section shall be added of the Base Prospectus:

7. *Switzerland*

*“The following is a general summary of the Issuer’s understanding of certain Swiss tax consequences in relation to dealings in the Securities according to the currently valid Swiss tax laws and the Swiss tax authorities’ practice as of the date of publication of the LaunchPAD programme. This outline is a summary and not exhaustive and does not take into consideration possible special circumstances of some investors. Tax laws and the tax authorities’ practice may undergo changes (or their interpretation or application may change) and their validity might also be retroactive.*

*Potential investors should consult their own tax advisors, legal advisers or financial consultants regarding their personal tax situation when entering into transactions with reference to the Securities.*

- (a) General Information. The Swiss tax treatment of notes, bonds and other financial instruments are primarily regulated pursuant to the conditions set forth in the Circular Letter no. 15 of the Federal Tax Administration regarding the treatment of Bonds and Derivatives Financial Instruments for the purpose of the Federal Income Tax, Federal Withholding Tax and Federal Stamp Duties, as published on 7 February 2007. These rules are usually also applied by the Cantonal and Communal tax authorities. It should be noted that the Swiss tax terms “notes” and “bonds” are not consistent with the corresponding terms stipulated by Swiss security laws and the international or foreign understanding of such terms.*
- (b) Swiss Stamp Taxes. The issuance of Securities issued by a foreign resident issuer is in general not subject to the Swiss Issue Stamp Tax (“Emissionsabgabe”). Secondary market transactions of Securities which are considered as (debt) financing instruments, share-like products, fund-like products and Low Exercise Price Options (LEPO) on shares with maturity more than one year and the issuance of fund-like Securities issued by a foreign resident issuer are subject to the Swiss Securities Transfer Tax, provided that a Swiss securities dealer (“Effekthändler”), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (“Stempelabgabengesetz”), is a party to the Securities transaction or acts as an intermediary thereto. Certain exemptions may, inter alia, apply with regard to institutional investors such as mutual funds, life insurance companies and social security institutions. Pure derivatives for Swiss tax purposes like options and futures do normally not classify as taxable securities and are therefore not subject to Swiss Issue Stamp Tax and Swiss Securities Transfer Tax. If upon the exercise or redemption of a Security an underlying security is delivered to the holder of the Security, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax.*
- (c) Swiss Withholding Tax. Securities issued by a foreign resident issuer are in general not subject to Swiss withholding tax. Payments or credit of (deemed) interest or dividends on a Security issued by a Swiss resident issuer may be subject to Swiss federal withholding tax at a rate of 35 %. This may apply likewise to payments or credits of yield from Securities which classify for tax purposes as fund-like products. The holder of a Security who is resident in Switzerland may be entitled to a full refund of or a full tax credit for the Swiss federal withholding tax, subject to conditions being met. A non Swiss resident holder of a Security may be able to claim a full or partial refund of the Swiss federal withholding tax if such a holder is entitled to claim benefits with regard to such a payment of a double taxation treaty between Switzerland and his or her country of residence.*
- (d) Swiss Income Tax Treatment for Securities Held by Private Investors (Individuals) with Tax Residence in Switzerland as Part of their Private Assets. Payments or credits received by a holder of a Security, which are considered in a Swiss tax perspective as dividends or interests, are subject to income tax. Gains or losses realised upon a sale or other disposition by individuals with tax residence in Switzerland holding a Security as part of their private assets (private capital gain or losses) are in general not subject to Swiss Income Tax and are not deductible from taxable income respectively. However, capital gains may be subject to income taxation, if a Security qualifies as predominant one-time interest paying bond. Also gains or losses realised by buying or*



*selling of pure derivatives for Swiss tax purposes (options and futures) are not subject to income tax as they are considered as tax-exempt capital gains or losses. Whether a Security generates taxable income (dividend and interest) or tax-exempt capital gains is depending on certain features of the Security (1-delta pay-off, reverse convertible, guaranteed coupon payments or capital protection etc.), on the underlying of the Security and on the maturity of the Security. Some Securities may be divided into taxable bonds and a tax-exempt option (or combinations of options) provided that the Security is, for Swiss tax purposes, made transparent by the issuer. A Security is considered transparent if the value on issuance of its bond and its option components can be determined separately. Under the condition of transparency, the option premium paid by the issuer is exempt from income taxation (where otherwise applicable); taxation is limited to the interest of the bond part which would have been paid for an investment in a comparable straight bond of the same issuer with a similar term and the same currency at market conditions. If the interest part of the Security is paid as a one-time compensation, the so-called “modifizierte Differenzbesteuerung” may apply in each case of pre-maturity sale or redemption of the Security. If a Security is not made transparent for Swiss tax purposes (only if the security needs to be transparent for Swiss tax purposes) the total payment to the investor (except the repayment of the invested capital) could be considered as taxable income.*

- (e) Swiss Income Tax Treatment for Securities Held by Swiss Resident Entities or Individuals as Part of Business Assets. Income of any kind realised from Securities as part of business assets of individuals (including deemed securities dealers for Swiss tax purposes) or entities in Switzerland are subject to personal income tax or corporate income tax respectively as part of their overall net income.*
- (f) Wealth Taxation of Securities Held by Private Investors (Individuals) with Tax Residence in Switzerland. The market value of the Securities may be subject to wealth tax levied on overall net wealth of individuals with tax residence in Switzerland, regardless of whether the Securities are held as part of their private or business assets.*
- (g) EU Savings Tax. On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopts measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments. The agreement came into force as of 1 July 2005. On the basis of this agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid by a paying agent within Switzerland to an individual resident in an EU member state. The withholding tax is withheld at a rate of 15 % for the first three years beginning with 1 July 2005, 20 % for the next three years and 35 % thereafter, with the option of such an individual to have the paying agent and Switzerland provide to the tax authorities of the Member State details of the payments in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding, if any, provided that that certain conditions are met. Securities issued under this programme may be subject to EU Savings Tax. The qualification regarding “in scope” or “out of scope” of the EU Savings Tax is depending on certain features of the Security and on the underlying of the Security.”*

(viii) In the **Section headed “Selling Restrictions”** beginning on page 42 the following wording shall be added:

“SWITZERLAND

*Securities issued under this Programme which are not listed on SIX Swiss Exchange Ltd. do not qualify for public distribution in or from Switzerland according to Article 5 of the Swiss Federal Act on Collective Investment Schemes. Accordingly, such Securities may not be publicly distributed in or from Switzerland and neither this Programme, any Final Terms nor any marketing material relating to the Securities may be distributed in connection with such distribution, unless a special simplified prospectus is prepared setting forth any and all information which may be required to be disclosed in a simplified prospectus pursuant to Art. 5 of the Swiss Federal Act on Collective Investment Schemes and any implementing ordinance or other applicable act or regulation or self-regulation in the Final Terms or a separate document (the "Simplified Prospectus"). Any Term Sheet prepared shall be subject to the Final Terms and the Simplified Prospectus, if any, for the relevant Securities. If no Simplified Prospectus is prepared, the Securities may only be offered and the Programme, any Final Terms or any marketing material may only be distributed in or from Switzerland to qualified investors according to the applicable provisions of the Collective Investment Scheme Act ("CISA") in such a way that there is no public marketing or offering in or from Switzerland as defined pursuant to the most restrictive interpretation of the applicable Swiss laws and regulations.”*

(ix) In the section headed “**General Information**” the following line shall be added

*(e) all documents incorporated herein by reference;*

(x) At the section of the General Conditions, **General Condition 4 (a)** ‘Notice’ the following wording will be added:

*“In addition, for Securities listed on the SIX Swiss Exchange Ltd, the Issuer shall have the right but (without prejudice to the previous sentence) shall not be obliged to publish notices in electronic form on the internet website of the SIX Swiss Exchange Ltd) [http://www.six-exchange-regulation.com/publications/communiqués/official\\_notices\\_en.html](http://www.six-exchange-regulation.com/publications/communiqués/official_notices_en.html) if and so long as the Securities are listed on the SIX Swiss Exchange Ltd.”*

(xi) The **Definitions** in each set of Product Conditions as follows:

The definition of “**Agent**” shall be amended to include the wording:

*“and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “Swiss Agent”)”*

So as to read:

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

(xii) the sections where mentioned in **each set of Product Conditions**, relating to: (1) Notice (2) Verification and (3) Determinations shall be amended by adding ‘*or the Swiss Agent*’ after the Principal Agent;

(xiii) The **Final Terms** shall be amended as follows:

- (1) The following wording shall be added to the cover page of the relevant Final Terms:

*“[Securities with Rollover feature admitted to trading on Scoach Switzerland Ltd. and listed on SIX Swiss Exchange Ltd only :these Securities provide for a dynamic structure with regard to an adjustment of the Underlying [Specify Other]”*

*“THE SECURITIES DO NOT CONSTITUTE UNITS OF COLLECTIVE INVESTMENT SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA") AND ARE NOT SUBJECT TO THE APPROVAL OF, OR SUPERVISION BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"). HOLDERS OF THE SECURITIES ARE EXPOSED TO THE CREDIT RISK OF THE ISSUER.”*

- (2) The following wording shall be added to the second page of the relevant Final Terms:

*“In respect of Securities to be listed on the SIX Swiss Exchange Ltd, the Programme, together with any Final Terms, will constitute the listing prospectus pursuant to the Listing Rules of the SIX Swiss Exchange Ltd.”*

- (3) The following wording shall be added to the following sections of the relevant Final Terms:

Listing [ .....][*Application has been made by the Issuer (or on its behalf) for the Securities to be listed on SIX Swiss Exchange Ltd. and admitted to trading on Scoach Switzerland Ltd.*]

Admission to Trading: [Application has been made for the Securities to be admitted to trading on [ ] with effect from [ ].] [No application for admission to trading has been made.] [*Application has been made by the Issuer (or on its behalf) for the Securities to be listed on SIX Swiss Exchange Ltd. and admitted to trading on Scoach Switzerland Ltd., provided that no assurance can be given that the Securities will be admitted to trading on Scoach Switzerland Ltd. or listed on SIX Swiss Exchange Ltd. on the Issue Date or any specific date thereafter.*] [*Securities listed on SIX Swiss Exchange Ltd. may be suspended from trading in accordance with Article 57 of the SIX Listing Rules or be de-listed from SIX Swiss Exchange Ltd. during the lifetime of the Securities.*]

- (4) The following table shall be added to the relevant Final Terms for template purposes to be completed with respect to Swiss listed Securities only otherwise is shall be deleted entirely:

<i>[Securities admitted to trading on Scoach Switzerland Ltd. and listed on SIX Swiss Exchange Ltd. only:]</i>	<i>[Delete the following sections if Securities will not be admitted to trading on Scoach Switzerland Ltd. and listed on SIX Swiss Exchange Ltd.]</i>
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*First Trading Day:* [ Specify other ] [the Issue Date]

*Last Trading Day:* [ ] [trading on Scoach Switzerland Ltd. until official close of trading on Scoach Switzerland Ltd. on that day]

*Minimum Trading Size:* [ ]

*Payment Date:* [Issue Date][Not Applicable]

*Type of quoting (in case of interest component)* [flat/dirty trading or clean trading][not applicable]

*Minimum Exercise* [ ]

*Governing Law* The Securities are subject to English law

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

*Swiss Agent* The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, CH-8022 Zurich, Switzerland, phone +41 44 285 58 58, fax +41 44 285 56 16

*Recognised Representative for the purpose of Article 43 Listing Rules of the SIX Swiss Exchange Ltd:* The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, CH-8022 Zurich, Switzerland, phone +41 44 285 58 58, fax +41 44 285 56 16

*Paying Agent* The Royal Bank of Scotland N.V. acting through its principal office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands

*Announcements to Holders / Publications* Any notices or publications to be made to Holders will be made through the online information system of SIX Swiss Exchange Ltd., by publishing on SIX Swiss Exchange's website  
[http://www.six-exchange-regulation.com/publications/communiqués/official\\_notices\\_en.html](http://www.six-exchange-regulation.com/publications/communiqués/official_notices_en.html)

*Issue Size of Series or Number of Securities* [ ]

*Interest Ex-Date (in case of interest component)* [ ] [Not Applicable]

*Type of quoting (in case of interest component)* [flat/dirty trading or clean trading] [Not Applicable]

- (5) The following placeholder shall be added to the following section of the relevant Final Terms:

Other Securities Code: [ ] *[Symbol: ]*

- (6) The following section shall be amended in the relevant Final Terms by deletion of the words 'these Final Terms' in the first line, and the insertion of the below text in italics, so as to read:

*RESPONSIBILITY*

*The Issuer accepts responsibility for the information contained in the Base Prospectus, as completed and/or amended by these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Material changes since the date of the Base Prospectus will trigger the need for a supplement under Article 16 of Directive 2003/71/EC which will be filed with both the AFM and the SIX Swiss Exchange.*

*[The information relating to the Underlying has been extracted from external sources. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the external sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.]*

8. Copies of the Base Prospectus and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).
9. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectuses by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectuses, the statements in (a) above will prevail.
10. Save as disclosed in this Supplement and any supplement to the Base Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

**The Royal Bank of Scotland N.V.**

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1 September 2010

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**SECOND SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES**



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**THE ROYAL BANK OF SCOTLAND N.V.**

*(Registered at Amsterdam, The Netherlands)*  
(the **Issuer**)

**RBS LaunchPAD Programme**

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1. This Supplement dated 1 September 2010 (the **Supplement**) constitutes the second supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes (the **Base Prospectus**) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2010, as supplemented on 6 July 2010.
2. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
3. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer.
4. The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
5. On 31 August 2010, RBS Holdings N.V. published its Interim Financial Report for the half year ended 30 June 2010 (the **Interim Financial Report**).
6. A copy of the Interim Financial Report has been filed with the AFM and, by virtue of this Supplement, the Interim Financial Report is incorporated into, and forms part of, the Base Prospectus.
7. Copies of the Base Prospectus and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).

8. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.
9. Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.
10. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

**The Royal Bank of Scotland N.V.**

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6 July 2010

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



**THE ROYAL BANK OF SCOTLAND N.V.**  
*(Registered at Amsterdam, The Netherlands)*  
(the **Issuer**)

**RBS LaunchPAD Programme**

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1. This Supplement dated 6 July 2010 (the **Supplement**) constitutes a supplementary prospectus to the documents set out below which have been prepared in connection with the LaunchPAD Programme established by Royal Bank of Scotland N.V. (the **Issuer**). Terms defined in the Base Prospectus (as defined below) have the same meaning when used in this Supplement.
2. This Supplement is the first supplement to the base prospectus dated 1 July 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes (the **Base Prospectus**) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2010.
3. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
4. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.
5. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
6. 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.



7. The Issuer proposes to update the existing Product Conditions and form of Final Terms for Multi-Asset Basket linked Notes II. Accordingly, the following amendments are made to the Notes Base Prospectus:

- The Product Conditions of the Multi-Asset Basket linked Notes II shall be deemed deleted and replaced with the Product Conditions as set out in Annex A to this Supplement; and
- The form of Final Terms of the Multi-Asset Basket linked Notes II shall be deemed deleted and replaced with the form of Final Terms as set out in Annex B to this Supplement.

8. The following amendments are hereby made to the summary of Base Prospectus and section ‘‘Essential Characteristics of the Issuer’’ as a result of the publication of the Registration Document for The Royal Bank of Scotland NV and RBS Holdings N.V. on 1 July 2010.

Under heading ‘‘Overview’’ in the first sentence of this paragraph the words ‘‘and constitutes a strong and stable wholesale banking enterprise’’ are deleted and the sentence should now read:

‘‘The Issuer is a bank licensed by the Dutch Central Bank (De Nederlandsche Bank).’’

Under heading ‘‘Overview’’ reference in the second paragraph to ‘‘approximately 50 countries’’ is deleted and replaced by ‘‘approximately 40 countries’’. The paragraph should now read:

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

9. Copies of the base prospectus and all documents incorporated by reference in the base prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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](mailto:investor.relations@rbs.com).
10. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectuses by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectuses, the statements in (a) above will prevail.
11. Save as disclosed in this Supplement and any supplement to the Base Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

**The Royal Bank of Scotland N.V.**

## Annex A

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### CONDITIONS: PRODUCT CONDITIONS RELATING TO MULTI-ASSET BASKET LINKED NOTES II

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

#### 1. DEFINITIONS

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

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

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

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

“**Basket Constituent**” means each Share, Fund (including, where the Fund is an exchange traded fund, the Reference Asset), Index Future or Index, as the case may be, specified as such in the definition of Basket, and “**Basket Constituents**” means each or all of the Shares, Funds (including, where the Fund is an exchange traded fund, the Reference Assets), Index Futures and Indexes as the case may be;

“**Basket Constituent Currency**” means, in relation to each Basket Constituent in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“**Basket Return**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated in accordance with the following formula:

Weight of Share x Share Return + Weight of Index x Index Return + Weight of Fund x Fund Return +  
Weight of Index Future x Index Future Return;

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

**“Cash Amount”** means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

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

Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

(v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

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

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

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

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

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

**“Exchange”** means, (i) with respect to each Share, each Index Future and each Fund which is an exchange traded fund, the exchange or quotation system specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system and (ii) with respect to each Index, each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the **“Index Shares”**) to compute the Index or any successor to such exchange or quotation system;

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

**“Exchange Rate”** means, in relation to each Basket Constituent and where applicable, the rate of exchange between the relevant Basket Constituent Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable determine to be appropriate at such time;

**“Final Terms”** means the document containing the specific terms relating to the Securities; **“Fund”** means each fund (including exchange traded funds) specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

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

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

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

**“Fund Final Reference Price”** means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms (i) the Fund Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Fund Reference Prices on each of the Valuation Dates;

**“Fund Initial Reference Price”** means, in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms the Fund Reference Price on the Pricing Date;

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

**“Fund Reference Price”** means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of such Fund as quoted by the fund manager or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case at the Valuation Time on a Trading Day, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction, or (if in the determination of the Calculation Agent, no such price or NAV (as the case may be) can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the

Exchange, in each case having regard to the then prevailing market conditions, the last reported NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant subject to adjustment in accordance with Product Condition 4;

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

$$\text{Fund Final Reference Price} / \text{Fund Initial Reference Price} - 1;$$

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

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

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

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

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

**“Index Final Reference Price”** means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Index Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Index Reference Prices on each of the Valuation Dates;

**“Index Initial Reference Price”** means, in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Pricing Date;

**“Index Reference Price”** means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Trading Day, as determined by 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) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Index Shares and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

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

$$\text{Index Final Reference Price} / \text{Index Initial Reference Price} - 1;$$

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

**“Index Future Final Reference Price” (“IFFRP”)** means, in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Index Future Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Index Future Reference Prices on each of the Valuation Dates;

**“Index Future Initial Reference Price” (“IFIRP”)** means, in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Future Reference Price on the Pricing Date;

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

**“Index Future Reference Price”** means, in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the Index Future Price quoted on the Exchange at the Valuation Time on a Trading Day as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Index Future Price on such date having regard to the then prevailing market conditions, the last reported Index Future Price on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Index Future Return”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

Index Future Final Reference Price / Index Future Initial Reference Price -1;

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash



Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date specified as such in the notice delivered by the Issuer 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Calculation Agent on its behalf 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 Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or
- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(h) shall apply and the Issuer Call Date shall be adjusted accordingly;

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

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

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

**“Merger Event”** means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another

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

**“NAV”** means net asset value;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Participation”** means the amount specified as such in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

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

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculator Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculator Agent on its behalf, circumstances so required;

**“Reference Asset”** means the relevant interests specified as such in the definition of the relevant Series in the Applicable Final Terms, subject to Product Condition 4 or, where the Reference Asset is not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund, subject to Product Condition 4;

**“Related Exchange”** means in respect of each Share, Index Future, Index or each Fund which is an exchange traded fund, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares, Index Futures, Index or Funds are traded;

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

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

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

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

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

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

**“Series”** mean 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, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date or Issuer Call Date, as applicable;

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

**“Share Return”** means in respect of each Share, unless specified otherwise in the applicable Final Terms, an amount calculated in accordance with the following formula:

$$\text{Share Final Reference Price} / \text{Share Initial Reference Price} - 1;$$

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

**“Share Final Reference Price”** means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Share Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the relevant Final Terms, an amount equal to the arithmetic mean of each of the Share Reference Prices on each of the Valuation Dates;

**“Share Initial Reference Price”** means, in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Pricing Date;

**“Share Reference Price”** means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction unless, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of such Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

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

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

**“Trading Day”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Share or Index Future, any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time, (ii) with respect to a Fund, any day (or, but for the occurrence of a Fund Event, would have been a day) on which trading in the Fund or the Reference Asset, as applicable, can take place and (iii) with respect to an Index, any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

**“Valuation Date”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the definition of the relevant Series in

the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Issuer or the Calculation Agent on its behalf determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (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); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(h) shall apply and the Valuation Date shall be adjusted accordingly;

**“Valuation Time”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Index the time with reference to which the Index Sponsor calculates the closing level of the Index, (ii) with respect to each Share or Index Future the official close of trading on the relevant Exchange and (iii) with respect to each Fund (other than those Funds which are exchange traded funds) the time with reference to which the fund manager publishes the NAV or value and (iv) with respect to Funds which are exchange traded funds the time specified as such in the definition of the relevant series in the applicable Final Terms. Or, such other time as the Issuer or the Calculation Agent on its behalf may select and notify to Holders in accordance with General Condition 4; and

**“Weight”** means, for each Basket Constituent, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event or Fund Event, as applicable.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be

entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### (4) ADJUSTMENTS

- (a) Market Disruption in relation to a Share. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(a), a “**Market Disruption Event**” means:



- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Market Disruption in relation to an Index. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(b) a **"Market Disruption Event"** means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (1) 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

- (2) 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.
- (c) Market Disruption in relation to an Index Future. 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 this Product Condition 4(c), a Market Disruption Event means:
- (a) Price Source Disruption. The failure by the Exchange to announce or publish the Index Future Price (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange on a Valuation Date; or
  - (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
  - (c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Index Future on the Exchange; or
  - (d) Material Change in Formula. The occurrence, since the Pricing Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Index Future Price; or
  - (e) Material Change in Content. The occurrence, since the Pricing Date, of a material change in the content or composition of the Index Future Price; or
  - (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Index Future is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Index Future has been impaired due to a lack of, or a material reduction in, trading in the Index Future on the Exchange; or
  - (g) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Index Future (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Pricing Date, if the direct effect of

such imposition, change or removal is to raise or lower the Index Future Price on a Valuation Date and/or on each of the three Trading Days following a Valuation Date from what it would have been without that imposition, change or removal; or

- (h) Trading Limitation. The material limitation imposed on trading in the Index Future with respect to it or any contract with respect to it on any exchange or principal trading market; or
  - (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located; or
  - (j) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.
- (d) Potential Adjustment Events in relation to a Share. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
- (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** in this Product Condition 4(d) means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares;

(E) a call by the Share Company in respect of relevant Shares that are not fully paid;  
(F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

(e) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

(1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or

(2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

(3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment

made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and the action proposed to be taken in relation thereto.

**“De-listing”**, in this Product Condition 4(e) only, means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

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

**“Merger Event”**, in this Product Condition 4(e) only, means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power in the Share Company to the offeror, in each case if the Merger Date is on or before the relevant Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

(f) Potential Adjustment Events in relation to an 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 (1), (2), (3) or (4) below. In this Product Condition 4(f) **“Potential Adjustment Event”** means:

(1) If any Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the **“Successor Sponsor”**) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant 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.

(2) If (A) on or prior to the relevant Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating any Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the relevant Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level for the relevant Index on the relevant Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.

(3) 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 relevant 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 relevant Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the Index 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 Index Shares equally or proportionately with such payments to holders of Index 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 Index Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Index Shares at a time when the relevant issuer has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Index Shares at a time when the relevant issuer has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Index Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the relevant Valuation Date; (G) a distribution of cash dividends on the Index Shares equal to or greater than 8 per cent. per annum of the then current market value of the Index Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

- (4) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.
- (g) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund

Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

(i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.
- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the



Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.

- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of

insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause 4(g)(i)(E)(c)(I) above and in the case of this clause 4(g)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 4(g)(i)(E)(a) through 4(g)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.

- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.
- (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
- (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

(ii) NAV/Price and Reporting:

- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they

prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.

- (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
- (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or

cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

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

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their

price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or

(iv) Trading and Fees:

(A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).

(B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.

(C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.

(D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:

(I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or

(II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,

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

(v) Fund Adviser and Fund Service Provider Failures:

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

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or

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

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



determines appropriate to account for the decision subsequently or concurrently made.

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

(i) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or

determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.

(j) Adjustments to the Basket

If a De-Listing occurs with respect to a Fund or a Share, as applicable or a Fund or a Share, as applicable is for any reason cancelled or ceases to exist, the Calculation Agent may determine in its sole discretion to either (A) replace the de-listed or cancelled Fund or Share, as applicable by a successor fund or share, as applicable which has in the determination of the Calculation Agent the same or substantially similar structure and a substantially similar economic impact, and is linked to the same asset as such Fund or Share, as applicable (B) remove the de-listed or cancelled Fund or Share, as applicable and allocate the Fund Final Reference Price or Share Final Reference Price, as applicable of such Fund or Share, as applicable as of the effective date of the de-listing or cancellation, pro rata to the remaining Funds or Shares, as applicable or (C) make such other adjustments to the Conditions as the Calculation Agent sees fit, acting in its absolute discretion.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made pursuant to the foregoing paragraph.

**“De-listing”** means, for the purpose of the foregoing paragraph, a Basket Constituent for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Basket Constituents are listed (and such cessation or suspension is continuing and such Basket Constituent is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

(k) 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 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.

## Annex B

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### MULTI-ASSET BASKET LINKED NOTES II

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Series: *Multi-Asset Basket Linked Notes II due [ ] [Specify other]*

Nominal Amount: [ ] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: [ ]

Additional Market Disruption Events: [None] *[Specify other]*

Additional Fund Events: [None] *[Specify other]*

Basket:

<b>["Basket Constituent"</b>	<b>"Weight"</b>	<b>"Share Company"</b>	<b>"Exchange"</b>	<b>"Basket Constituent Currency"</b>
<i>[specify each Basket Constituent and Bloomberg Code]</i>	<i>[Specify per cent Weight]</i>	<i>[Specify]</i>	<i>[Specify]</i>	<i>[Specify]</i>
	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>
<i>["Index"]</i>				
<i>["Share"]</i>				
<i>["Fund"] [Where the Fund is an exchange traded fund, include details of the Reference Asset]</i>				
<i>["Index Future"]</i>				

Basket Return: *[The definition in Product Condition 1 applies]*  
*[Specify other] [Not Applicable]*

Business Day: *[The definition in Product Condition 1 applies]*  
*[Specify other]*

Business Day Convention: *[Modified Following][Following]*

Cash Amount:	[An amount equal to: 100 per cent * Nominal Amount + Nominal Amount x Participation * [Max (Basket Return, 0 per cent)] [Specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [Specify other]
Final Averaging:	[Applicable] [Not Applicable]
Fund Return:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Fund Final Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Fund Initial Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Fund Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Return:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Final Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Initial Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Future Final Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Future Initial Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Future Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Future Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Future Return:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[Not Applicable] [ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [The definition in Product Condition 1

applies]  
[Specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [Not Applicable]  
[[ ] per cent.] [per annum]  
[The definition in Product Condition 1 applies]  
[Specify other]

Interest Rate Day Count Fraction: [Not Applicable]  
[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]  
[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31<sup>st</sup> day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))]  
[Specify other]

Issuer Call: [Not Applicable] [Applicable]

Issuer Call Cash Amount: [Not Applicable] [Cash Amount] [Specify other]

Issuer Call Commencement Date: [Not Applicable] [Specify other]

Issuer Call Date: [Not Applicable] [Specify other] [See Issuer notice of call]

Issuer Call Notice Period: [Not Applicable] [Specify other]

Maturity Date: [ ]

Participation: [Not Applicable] [Specify other]

Relevant Currency: [The definition in Product Condition 1 applies]  
[Specify other]

Relevant Number of Trading Days: For the purpose of:  
Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]  
Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

	[Not Applicable]
Settlement Currency:	[      ]
Settlement Date:	[The definition in Product Condition 1 applies] [Specify other]
Share Return:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Final Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Initial Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Standard Currency:	[The definition in Product Condition 1 applies] [Specify other]
Trading Day:	[The definition in Product Condition 1 applies] [Specify other]
Valuation Date(s):	[      ]
Valuation Time:	[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund] [The definition in Product Condition 1 applies] [11.00 hours Central European Time] [Specify other]
ISIN:	[      ]
Common Code:	[      ]
Other Securities Code:	[Not Applicable] [Specify other]
Indication of yield:	[Not Applicable] [Specify other]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv)

addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### **INFORMATION ON THE BASKET CONSTITUENT**

Page where information about the past and future performance of a Basket Constituent and its volatility can be obtained: [Bloomberg][Reuters][specify other]

Index disclaimer(s):



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

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BASE PROSPECTUS RELATING TO

**NOTES**

THE ROYAL BANK OF SCOTLAND NV.

LAUNCHPAD PROGRAMME

DATED: 1 JULY 2010

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

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

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

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

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

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

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

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

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

In connection with the issue and the distribution of any Securities, any one manager (the "**Manager**") appointed by the Issuer or any person acting for it may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a higher level than that which might otherwise prevail. However, there is no assurance that the Manager (or any other person acting on behalf of the Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the day on which adequate public disclosure of the final terms of the offer of the Securities is made and, if begun, may be ended at any time but it must end no later than the earlier of 30 days after

the issue date of the Securities and 60 days after the date of allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Manager (or person(s) acting on behalf of the Manager) in accordance with all applicable laws and rules.

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

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

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

The Issuer does not represent that this document may be lawfully distributed, or that Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, which would permit a public offering of the Securities or possession or distribution of this Prospectus or any offering material in relation to the Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer. For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of this document and other offering material relating to the Securities please refer to section *Selling Restrictions* in this Base Prospectus.

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## Summary

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

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

**Issuer:** The Royal Bank of Scotland N.V. (previously named ABN AMRO Bank N.V.) (the “**Issuer**” or “**RBS N.V.**”) acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.

**History and Incorporation:** The origin of RBS N.V. can be traced to the formation of “Nederlandsche Handel-Maatschappij, N.V.” in 1825 pursuant to a Dutch Royal Decree of 1824. RBS N.V.’s articles of association were last amended by deed of 1 April 2010 executed before Mr. B.J Kuck, a notary public in Amsterdam. RBS N.V. is registered in the Commercial Register of Amsterdam under number 33002587. RBS N.V.’s registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) (“**RBS Holdings**”), which is incorporated as a limited liability company under Dutch law by deed of 30 May 1990. The articles of association of RBS Holdings were last amended by deed of 1 April 2010 executed before Mr. M.W. Gajaart, a deputy of Mr. B.J. Kuck, a notary public in Amsterdam. The registered office of RBS Holdings is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

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

2:403 of the Dutch Civil Code.

***RBS Holdings and the Issuer form part of The Royal Bank of Scotland Group (referred to as the “Group”, “RBS” or “RBS Group”).***

**Overview:**

The Issuer is a bank licensed by the Dutch Central Bank (*De Nederlandsche Bank*) and constitutes a strong and stable wholesale banking enterprise. RBS Group targets the highest possible credit rating for RBS N.V.

The Issuer operates on a significant scale across Europe, Middle East and Africa (EMEA), the Americas and Asia. At legal separation from the ABN AMRO group on 1 April 2010 (see the paragraph *Separation from the ABN AMRO group* below), RBS N.V. has a sizeable balance sheet, a significant staff presence and a broad set of products; provided by a sales force operating in approximately 50 countries (reducing over time following intended asset sales or exits of selected network countries). As at 31 December 2009, the RBS acquired businesses within RBS N.V. reported total consolidated assets of €275 billion and had more than 27,000 full time staff through a network of 264 offices and branches.

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

**Group Organisational Structure:**

RBS N.V. comprises the following core businesses:

- Global Banking & Markets: Global Lending, Equities, Short Term Markets & Funding, and Local Markets;
- Global Transaction Services: Global Lending, Transaction Banking and International Cash Management;
- Risk & Restructuring: The Non-Core Division in Risk & Restructuring contains assets that are no longer

core to RBS Group's strategic objectives and include Trading, Wholesale Banking and Retail & Commercial Business Units, as well as selected network countries. The assets will reduce over time through wind-down, sale or transfer.

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

**Separation from the ABN AMRO group:**

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

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

**Agreement as to separation and debt instrument allocation**

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

As part of the separation process the Consortium Members also came to an agreement on the economic allocation of issued debt instruments within ABN AMRO Bank N.V. to the individual Consortium Members' acquired businesses.

The LaunchPAD Programme has been economically allocated to RBS N.V.

**Legal demerger and legal separation process**

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

Step 1 – "**Legal Demerger**": Transfer of the majority of the Dutch State acquired businesses from ABN AMRO Bank N.V.



(the “**Demerging Company**”) to a new legal entity, ABN AMRO II N.V. (the “**Acquiring Company**”). Following the demergers and the transfer of the Dutch State acquired businesses into the new bank, the Demerging Company was to be renamed The Royal Bank of Scotland N.V. The Acquiring Company, comprising the Dutch State acquired businesses, was to then be renamed ABN AMRO Bank N.V.

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

Step 2 – “**Legal Separation**”: Transfer of the shares of the renamed ABN AMRO Bank N.V. from ABN AMRO Holding N.V. to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding N.V. Following the transfer of the shares in ABN AMRO Bank N.V. to a new holding company, ABN AMRO Holding N.V. was to be renamed RBS Holdings N.V.

The Legal Separation and the consequent name change were successfully effected on 1 April 2010. This represents the final major milestone in the integration of the businesses and assets acquired by RBS.

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

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

**Risk Factors:**

In the context of its business activities, the Issuer is subject to various risks that are typical of the banking industry. Should certain risks materialise, this may adversely affect the business situation, financial condition and profits and losses of

the Issuer and its subsidiaries and, consequently, the business situation, financial condition and profits and losses of RBS Holdings and, hence, the capacity (i) of the Issuer to meet its liabilities under the Securities towards the holders of Securities (the “**Holder**”), and/or (ii) of RBS Holdings to meet its obligations under the guarantee. Factors which can adversely affect the business situation, financial condition and profits and losses of the Issuer are inter alia (i) general economic conditions and other business conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risks.

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

- Guarantor:** RBS Holdings pursuant to its declaration under Article 2:403 of the Netherlands Civil Code.
- Principal Agent and Calculation Agent:** RBS N.V. acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.
- Listing and Admission to Trading:** Application will be made to NYSE Euronext or any other stock exchange or market specified in the Final Terms for Securities to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext or any other stock exchange or market specified in the Final Terms up to the expiry of 12 months from the date of this Base Prospectus. The Issuer may also issue unlisted Securities.
- Description of the Securities:** A range of notes may be issued under this Base Prospectus. The terms and conditions (the “**Conditions**”) applicable to such notes are contained in general conditions (the “**General Conditions**”) which are applicable to all notes, product conditions (the “**Product Conditions**”) applicable to the particular type of note being issued and the Final Terms (as defined in the Product Conditions) applicable to the particular

Series (as defined in the Product Conditions) being issued.

The notes are investment instruments which may or may not bear interest and which, at maturity or earlier termination, either pay a cash amount which may or may not be equal to the nominal amount of the relevant note, less certain expenses (the “**Cash Amount**”) or, in the case of exchangeable notes, permit the Holder to exchange his note for, depending on the terms of the relevant note, a defined amount of the Underlying (as defined below) or an amount in cash calculated by reference to the value of the Underlying (the “**Conversion Amount**”). The amount of interest to be paid and/or the Cash Amount and/or the Conversion Amount may or may not be dependent upon the performance of an underlying reference rate, stock, index and its constituent elements or basket (together, the “**Underlying**”), in all cases, as provided in the terms of the relevant note. The types of note that may be issued under this Base Prospectus are described below.

**Range Accrual Notes:**

Range accrual notes are interest bearing cash settled securities. Range accrual notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a range accrual note depends on the performance of one or more underlying reference rates, as specified in the applicable Final Terms. Typically, interest will accrue for each relevant day in an interest period on which the Underlying performs in the manner specified in the Final Terms but will not accrue in respect of other days. Interest on a range accrual note may also be paid at a pre-determined specified rate for certain interest periods specified in the applicable Final Terms.

**Ladder Notes:**

Ladder notes are interest bearing cash settled securities which may be called by the Issuer on specified dates. Ladder notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a ladder note depends on the performance of an underlying reference rate, as specified in the applicable Final Terms. Typically, interest will be paid in respect of each interest period either at a pre-determined specified rate or at the difference between a pre-determined specified rate and an identified floating rate for the relevant interest period, subject in the latter case to any minimum rate specified for the relevant interest period, all as specified in the

applicable Final Terms.

**Target Coupon Notes:**

Target coupon notes are interest bearing cash settled securities. Target coupon notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a target coupon note depends on the performance of one or more underlying shares, as specified in the applicable Final Terms. Typically, a target interest amount will be set which, if reached prior to maturity, may result in early termination of the securities. In certain cases additional interest amounts may also be paid as specified in the applicable Final Terms.

**Rate Notes:**

Rate notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a rate note may depend on the performance of one or more underlying reference rates and/or may be determined by reference to a fixed rate or rates, as specified in the applicable Final Terms.

**Zero Coupon Notes:**

Zero coupon notes are cash settled securities which are issued at a percentage of the nominal amount and which do not bear any interest.

**Currency Exchange Notes:**

Currency exchange notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a currency exchange note will depend on the performance of one or more underlying currency exchange rates, as specified in the applicable Final Terms.

**Yield Discovery Notes:**

Yield discovery notes are capital protected interest bearing cash settled securities. Yield discovery notes are redeemed at their nominal amount. The amount of interest paid on a yield discovery note depends on the performance of an underlying basket of shares, as specified in the applicable Final Terms. The maximum rate of interest so determined may be capped at the level specified in the applicable Final Terms. Interest on a yield discovery note may also be paid at a pre-determined specified rate for certain interest periods as specified in the applicable Final Terms. The rate of interest for certain interest periods may be at least the level of the previous year.

**Certificate Notes:**

Certificate notes are cash settled securities which may or may not be interest bearing or capital protected. The Cash Amount

payable at maturity of a certificate note will at least equal its nominal amount (if it is capital protected) plus a return (which may be zero) calculated by reference to the performance of one or more underlying certificates, as specified in the applicable Final Terms.

**Index Notes:**

Index notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity on an index note will at least equal a specified percentage of its nominal amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

**Inflation Index Notes:**

Inflation index notes are fixed-income securities that track a consumer price index and offer a real rate of return; that is, they generate monthly interest payments that exceed the prevailing inflation rate by a specified amount.

**Callable Index Notes:**

Callable index notes are non-interest bearing cash settled securities. The Cash Amount payable on the note will depend on the performance of the underlying index specified in the applicable Final Terms. If during the life of the note the Issuer determines that an early redemption event has occurred, the note may be redeemed at an amount determined in the manner specified in the applicable Final Terms. If, by the maturity date, an early redemption event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

**Autocallable Notes:**

Autocallable Notes are cash settled or physically settled (if specified in the applicable Final Terms) securities which are not capital protected and may be interest bearing. The Cash Amount payable on, and the maturity date of, the note will depend on the performance of the Underlying specified in the applicable Final Terms. If on specified dates during the life of the note the level of the Underlying performs in a specified manner (an “**Early Termination Event**”), the note will be redeemed at its nominal amount plus an additional amount specified in the applicable Final Terms. If, by the maturity date,

an Early Termination Event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

**Share Notes:**

Share notes are cash settled securities and may be interest bearing. If applicable, interest may be payable on a share note at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity of a share note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms.

**Exchangeable Notes:**

Exchangeable notes may be cash settled or physically settled securities and may be interest bearing. If applicable, interest may be payable on an exchangeable note at a rate specified in the applicable Final Terms. The cash amount payable at maturity of a cash settled exchangeable note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms. In the case of a physically settled exchangeable note, the share amount to be delivered will be determined by reference to the performance of the underlying share in the manner specified in the applicable Final Terms.

**Multi-Asset Basket Linked Notes:**

Multi-asset Basket Linked Notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The cash amount payable at maturity on a Note will at least equal a specified percentage of its Nominal Amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

**Fund Linked Notes:**

Fund linked notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms.

**Basket related Capital Protected Notes:**

Basket related capital protected notes enable investors to participate in the performance of one or more baskets of

different components relating to the relevant Series (including, without limitation and as specified in the applicable Final Terms, an index component, a real estate index component, a commodity component or a bond index component). In addition to capital protection, an investor may, as specified in the applicable Final Terms, receive an additional amount depending on the performance of one or more baskets of different components. If specified in the applicable Final Terms, an Interim Cash Settlement Amount or Interest Amount (each as defined in the applicable Final Terms) will be payable (subject to any applicable conditions being met) on the Interim Cash Settlement Amount Payment Date or each Interest Payment Date, as the case may be.

**Commodity Notes:**

Commodity notes are cash settled securities which may be partially or fully capital protected and may or may not be interest bearing. The Cash Amount payable at maturity of a commodity note is calculated by reference to the performance of one or more underlying commodities, as specified in the applicable Final Terms.

**Indicative Issue Price:**

The Securities will be issued at their nominal amount or a percentage thereof.

**Maturity:**

The Securities have a fixed maturity date, as specified in the applicable Final Terms, but may be subject to early termination in the event that the level of the Underlying exceeds a level specified in the applicable Final Terms or if the Issuer has a call option.

**Interest:**

The Securities may bear interest, as specified in the applicable Final Terms.

**General Conditions**

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

*Status of the Securities:*

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

*Early Termination:*

The Issuer may terminate any Securities if it shall have determined in its absolute discretion that its performance

thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable law. In such circumstances the Issuer will, to the extent permitted by law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements.

*Hedging Disruption:*

If a Hedging Disruption Event (as defined in General Condition 5) occurs, the Issuer will at its discretion (i) terminate the Securities and pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements or (ii) make a good faith adjustment to the relevant reference asset as described in General Condition 5(c) or (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. The Issuer may make adjustments following any event likely to have a material adverse effect on the Issuer's hedge position, subject to the conditions set out in General Condition 5(d).

*Substitution:*

The Issuer may at any time, without the consent of the Holders substitute for itself as Issuer of the Securities, RBS Plc or any entity other than RBS Plc subject to the conditions set out in General Condition 8. In certain cases, substitution may be required to be effected in accordance with the rules of one or more clearing systems specified in the applicable Final Terms.

*Events of Default:*

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

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



<i>Taxation:</i>	The Holder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.
<b>Product Conditions:</b>	Set out below is a summary of certain significant provisions of the Product Conditions applicable to the Securities to be issued under this Base Prospectus.
<i>Form of Securities:</i>	Except in the case of Securities issued in dematerialised form, the Securities will be issued in global form.
<i>Settlement of Securities:</i>	Securities shall be cash settled or, in the case of exchangeable notes, either cash settled or physically settled, as specified in the applicable Final Terms. If SIX SIS Ltd is specified as Clearing Agent (as defined in the Product Conditions), Securities will, following their issuance, be transformed into intermediated securities in accordance with article 6 of the Swiss Federal Intermediated Securities Act.
<i>Market Disruption Events:</i>	If a Market Disruption Event occurs Holders may experience a delay in settlement and the cash price paid on settlement may be adversely affected. Market Disruption Events are defined in Product Condition 4 for each type of Security and vary depending on the type of Security.
<i>Emerging Market Disruption Events:</i>	The Emerging Market Disruption Events reflect the substantial risks associated with investing in emerging markets in addition to those risks normally associated with making investments in other countries. Potential investors should note that the securities markets in emerging market jurisdictions are generally substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. If an Emerging Market Disruption Event occurs Holders may experience a delay in settlement of delivery and the cash price paid on settlement may be adversely affected. Emerging Market Disruption Events are defined in Product Conditions.
<i>Potential Adjustment Event:</i>	If a Potential Adjustment Event occurs the Calculation Agent may adjust one or more of the Conditions to account for the

diluting or concentrative effect of the Potential Adjustment Event. Potential Adjustment Events are defined in Product Condition 4 for each type of Security (if applicable) and vary depending on the type of Security.

*Fund Event:*

If a Fund Event occurs, the Issuer or the Calculation Agent on its behalf, in each case acting in good faith and in a commercially reasonable manner, may adjust one or more of the Conditions to reflect the impact of the Fund Event. Fund Events are defined in Product Condition 4 for each type of Security (if applicable).

*De-listing:*

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

*Governing Law:*

English law.

*English courts:*

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

**Final Terms:**

Each Series will be the subject of a Final Terms which will contain the final terms applicable to the Series. The form of the Final Terms applicable to each type of Security is set out at the end of this Base Prospectus.

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

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## RISK FACTORS

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

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

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

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

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

### **Factors that may affect the Issuer's ability to fulfil its obligations under Securities issued**

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

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

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

The notes to be issued are investment instruments which may or may not bear interest and which (except in the case of exchangeable notes) at maturity or earlier termination pay the Cash Amount which may or may not be equal to the nominal amount of the relevant note. In the case of exchangeable notes, the Holder has the option at maturity or earlier termination to exchange the notes for a defined amount of the Underlying or the Conversion Amount, depending upon the terms of the exchangeable securities. As such, each note will entail particular risks. Notes which are not capital protected may result in the Holder losing some or, in certain limited cases, all of his initial investment. Notes where the interest amount paid is dependent upon the performance of the Underlying may result in the Holder receiving no or only a limited periodic return on his investment.

The price at which a Holder will be able to sell notes prior to their redemption may be at a potentially substantial discount to the market value of the notes at the issue date depending upon the performance of the Underlying at the time of sale.

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

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

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

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

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

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

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

- (a) *Valuation of the Underlying.* The market price of the Securities at any time is expected to be affected primarily by changes in the level of the Underlying to which such Securities are linked. It is impossible to predict how the level of the relevant Underlying will vary over time. Factors which may

have an affect on the level of the Underlying include, in the case of a stock or index, the rate of return of the Underlying and the financial position and prospects of the issuer of the Underlying or any component thereof. In addition, the level of the Underlying may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Potential investors should also note that whilst the market value of the Securities is linked to the relevant Underlying and will be influenced (positively or negatively) by it, any change may not be comparable and may be disproportionate. It is possible that while the Underlying is increasing in value, the value of the Securities may fall. Further, where no market value is available for an Underlying, the Calculation Agent may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event (including an Emerging Market Disruption Event) and/or no Potential Adjustment Events and/or no De-listing and/or no Fund Event which apply.

- (b) *Interest Rates.* Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Securities at any time prior to valuation of the Underlying relating to the Securities.
- (c) *Volatility.* The term “volatility” refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macro economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will most likely have separate volatilities at any particular time.
- (d) *Exchange Rates.* Even where payments in respect of the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any time thereafter.
- (e) *Disruption.* If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event (which includes Emerging Market Disruption Events), Fund Event, Potential Adjustment Event and/or De-listing has occurred or exists at a relevant time. Any such determination may affect the value of the Securities and/or may delay settlement in the respect of the Securities. In addition, if so indicated in the Conditions, a Calculation Agent may determine that a Settlement Disruption Event has occurred or exists at any relevant time in relation to a physically settled note. Any such determination may cause a delay in delivery of the Underlying and, where a cash price

equivalent to the value of the Underlying is paid in lieu of delivery of the Underlying, the cash price paid may be adversely affected.

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

- (f) *Creditworthiness.* Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and of RBS Holdings (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person. The Securities constitute general, unsecured, contractual obligations of the Issuer and of no other person. The Securities rank pari passu among themselves.

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

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

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

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

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

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

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

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

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

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

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

The Issuer may also make adjustments to the Conditions if it determines that an event has occurred which, whilst not a Hedging Disruption Event or other disruption event is likely to have a material adverse effect on the Issuer's Hedge Position. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

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

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

### ***Actions taken by the Calculation Agent may affect the Underlying***

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

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

Potential purchasers and sellers of the Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the

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

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

***No tax gross-up***

If payments on the Securities are or become subject to a withholding or deduction required by law on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer will make the required withholding or deduction, as the case may be, and neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Holders in respect of such withholding or deduction. Please refer to section General Condition 9 - Taxation.

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

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

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

The Securities will initially be held by or on behalf of one or more clearing systems specified in the applicable Final Terms (each a “**Relevant Clearing System**”), either in the form of a global Security which will be exchangeable for definitive Securities only in the event of the closure of all Relevant Clearing Systems or in dematerialised form depending on the rules of the Relevant Clearing System. For as long as any Securities are held by or on behalf of a Relevant Clearing System, payments of principal, interest and any other amounts will be made through the Relevant Clearing System, where required, against presentation or surrender (as the case may be) of the relevant global Security and, in the case of a temporary global Security, certification as to non-U.S. beneficial ownership. The risk is that the bearer or registered holder, as the case may be, of the relevant global Security, typically a depository or a nominee for a depository for the Relevant Clearing System, or, in the case of Securities in dematerialised form, the Relevant Clearing System and not the Holder itself, shall be treated by the Issuer and any Agent (as defined in the Conditions) as the sole holder of the relevant Securities with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Securities or any securities deliverable in respect of the Securities. Holders therefore are required to look to the Relevant Clearing System in respect of payments made to it by the Issuer in respect of Securities in global or dematerialised form.



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

***Risk associated with nominee arrangements***

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

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

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

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

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

***Change of law and jurisdiction***

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practice after the date of this Base Prospectus. Prospective investors in the Securities should note that the courts of England and Wales shall have jurisdiction in respect of any disputes involving the Securities. Holders may, however, take any suit, action or proceedings arising out of or in connection with the Securities against the Issuer in any court of competent jurisdiction. English law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Securities.

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

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

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

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

***Modification, waivers and substitution***

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

- (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest error or other defective provision; or
- (b) in any other manner which is not materially prejudicial to the interests of the Holders; or
- (c) for the purpose of the substitution of another company as principal debtor under any Securities in place of the Issuer, in the circumstances described in General Condition 8.

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## **RESPONSIBILITY STATEMENT**

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

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## ESSENTIAL CHARACTERISTICS OF THE ISSUER

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### History and incorporation

The origin of RBS N.V. can be traced to the formation of “Nederlandsche Handel-Maatschappij, N.V.” in 1825 pursuant to a Dutch Royal Decree of 1824. RBS N.V.’s articles of association were last amended by deed of 1 April 2010 executed before Mr. B.J. Kuck, a notary public in Amsterdam. RBS N.V. is registered in the Commercial Register of Amsterdam under number 33002587. RBS N.V.’s registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) (“**RBS Holdings**”), which is incorporated as a limited liability company under Dutch law by deed of 30 May 1990. The articles of association of RBS Holdings were last amended by deed of 1 April 2010 executed before Mr. M.W. Gajaart, a deputy of Mr. B.J. Kuck, a notary public in Amsterdam. The registered office of RBS Holdings is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

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

RBS Holdings and the Issuer form part of The Royal Bank of Scotland Group plc (referred to as the “**Group**”, “**RBS**” or “**RBS Group**”).

### Overview

The Issuer is a bank licensed by the Dutch Central Bank (*De Nederlandsche Bank*) and constitutes a strong and stable wholesale banking enterprise. RBS Group targets the highest possible credit rating for RBS N.V.

The Issuer operates on a significant scale across Europe, Middle East and Africa (EMEA), the Americas and Asia. At legal separation from the ABN AMRO group on 1 April 2010 (see the paragraph “Separation from the ABN AMRO group” below), RBS N.V. has a sizeable balance sheet, a significant staff presence and a broad set of products; provided by a sales force operating in approximately 50 countries (reducing over time following intended asset sales or exits of selected network countries). As at 31 December 2009, the RBS acquired businesses within RBS N.V. reported total consolidated assets of €275 billion and had more than 27,000 full time staff through a network of 264 offices and branches.

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

## Group Organisational Structure

RBS N.V. comprises the following core businesses:

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

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

## Separation from the ABN AMRO group

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

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

## Agreement as to separation and debt instrument allocation

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

As part of the separation process the Consortium Members also came to an agreement on the economic allocation of issued debt instruments within ABN AMRO Bank N.V. to the individual Consortium Members' acquired businesses.

A list of the allocation of the issued debt instruments to the RBS and the Dutch State acquired businesses can be found in the Registration Document on pages 10 to 13, as supplemented.

The LaunchPAD Programme has been economically allocated to RBS N.V.

## Legal demerger and legal separation process

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

Step 1 – "**Legal Demerger**": Transfer of the majority of the Dutch State acquired businesses from ABN AMRO Bank N.V. (the "**Demerging Company**") to a new legal entity, ABN AMRO II N.V. (the "**Acquiring**

**Company**”). Following the demergers and the transfer of the Dutch State acquired businesses into the new bank, the Demerging Company was to be renamed The Royal Bank of Scotland N.V. The Acquiring Company, comprising the Dutch State acquired businesses, was to then be renamed ABN AMRO Bank N.V.

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

Step 2 – “**Legal Separation**”: Transfer of the shares of the renamed ABN AMRO Bank N.V. from ABN AMRO Holding N.V. to a new holding company fully owned by the Dutch State and independent of ABN AMRO Holding N.V. Following the transfer of the shares in ABN AMRO Bank N.V. to a new holding company, ABN AMRO Holding N.V. was to be renamed RBS Holdings N.V.

The Legal Separation and the consequent name change were successfully effected on 1 April 2010. This represents the final major milestone in the integration of the businesses and assets acquired by RBS.

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

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

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## DOCUMENTS INCORPORATED BY REFERENCE

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

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

- a) the publicly available consolidated financial statements of RBS Holdings in respect of the financial years ended 31 December 2009, 31 December 2008 and 31 December 2007 respectively and the auditor's reports for the respective years, as included in the annual report for those financial years;
- b) the unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. for the year ended 31 December 2009 as included in the press release announcing completion of the legal separation dated 1 April 2010;
- c) the Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this prospectus;
- d) the terms of reference of the Audit Committee as set out in the Rules Governing the Supervisory Board's Principles and Best Practices dated 29 April 2010; and
- e) the publicly available press release in connection with the RBS Holdings N.V. first quarter 2010 financial results, dated 9 June 2010

The Registration Document and copies of all documents incorporated by reference as mentioned above, are accessible at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com) or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Securities.

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## TAXATION

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

### 1. GENERAL

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

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

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

### 2. EU SAVINGS DIRECTIVE

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

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

### 3. THE NETHERLANDS

#### General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is



intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

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

This summary does not address the Netherlands tax consequences for:

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

This summary does not describe the consequences of the exchange or the conversion of the Securities.

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

### **Withholding Tax**

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

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

- (a) Residents of the Netherlands

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

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the

Netherlands), income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 52per cent) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

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

If neither condition (i) nor condition (ii) applies to the holder of the Securities, taxable income with regard to the Securities must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4per cent of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Securities less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Securities will be included as an asset in the individual's yield basis. The 4per cent deemed return on income from savings and investments will be taxed at a rate of 30per cent.

(b) Non-residents of the Netherlands

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

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

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

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities (*resultaat uit*

*overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Securities which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

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

### **Gift and Inheritance Tax**

#### **(a) Residents of the Netherlands**

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

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

#### **(b) Non-residents of the Netherlands**

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

### **Value Added Tax**

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

## **Other Taxes and Duties**

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

### **4. UNITED KINGDOM**

**The following applies only to persons who are beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom law and HM Revenue & Customs ("HMRC") practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules apply. The United Kingdom tax treatment of prospective Holders of the Securities depends on their individual circumstances and may be subject to change in the future. Prospective Holders of the Securities who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers. This summary outlines the principal United Kingdom tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all United Kingdom tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.**

#### **Withholding Tax**

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

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

*Securities issued by the Issuer's London branch*

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

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

If interest payable on the Securities or if payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**ITA 2007**"), such

payments may be made without withholding or deduction for or on account of United Kingdom income tax where the interest is paid in the ordinary course of the Issuer's London branch's business within the meaning of section 878 ITA 2007; this would include all payments of interest by the Issuer's London branch except where those Securities concerned conform to the definition of tier 1, 2 or 3 capital for regulatory purposes or where there is an intention to avoid United Kingdom tax.

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

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

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

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

#### **UK Information Gathering Powers**

Irrespective of whether the Securities are issued by the Issuer's London branch, Holders of the Securities may wish to note that, in certain circumstances, HMRC has power to obtain information

(including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder of the Securities. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2011. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities is resident for tax purposes.

### **Stamp Taxes**

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax or other similar tax is payable in the United Kingdom on the issue of any Security or on the transfer of any Security in registered form or the transfer by delivery of any Security in bearer form. For the purposes of the following paragraphs, “**Exempt Loan Capital**” means any security which constitutes Loan Capital and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise) that are not Exempt Loan Capital; (b) has not carried and does not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (c) has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (d) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange.

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

In relation to Securities in bearer form which are denominated in sterling and which are not loan capital (“**Loan Capital**”) for the purposes of section 78 of the Finance Act 1986 (“**FA 1986**”), a charge to United Kingdom stamp duty at 1.5 per cent. of the value of such Securities may arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Securities if issued outside the United Kingdom. However, in relation to such Securities originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent. of the value of such Security will arise.

For these purposes, a Security should be Loan Capital if the Holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Security, either with or without any additional amount that may be payable on redemption.

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

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

An instrument transferring a Security in registered form on sale of the Security which is executed in the United Kingdom or which (if not executed in the United Kingdom) relates to any matter or thing done or to be done in the United Kingdom may be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities if the Securities are either not Loan Capital or are Loan Capital but are not Exempt Loan Capital.

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

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

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

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

SDRT on the transfer of Securities held within a Clearance Service

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

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

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

In the case of Securities held outside a Clearance Service or Securities held within a Clearance Service where a s97A Election has been made, SDRT should generally be payable in relation to any

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

#### *Stamp duty and SDRT on the redemption of the Securities*

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

## **5. LUXEMBOURG**

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

### **TAXATION OF THE HOLDERS OF SECURITIES**

#### **Withholding Tax**

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

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

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “**Territories**”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20per cent and will be levied at a rate of 35per cent as of 1 July 2011. Responsibility for the withholding of the



tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 20per cent.

**(ii) Resident holders of Securities**

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

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

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## SELLING RESTRICTIONS

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

### 1. GENERAL

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

### 2. PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

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

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

and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in (b) to (e) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

### 3. THE NETHERLANDS

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

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

### 4. UNITED STATES OF AMERICA

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

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

Securities having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the “**D Rules**”) and, in accordance with the D Rules, may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Securities in dematerialised form having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (the “**C Rules**”) and, in accordance with the C Rules, may not be offered, sold or delivered within the United States or its possessions, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the “**Code**”) and the U.S. Treasury regulations thereunder.

The Issuer will require each dealer participating in the distribution of Securities subject to the D Rules:

- (a) except to the extent permitted under the D Rules, (i) to represent that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Securities to a person who is within the United States or its possessions or to a United States person, and (ii) to represent that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Securities that are sold during the restricted period;
- (b) to represent that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities subject to the D Rules are aware that such Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each dealer represents that it is acquiring Securities for purposes of resale in connection with their original issuance and if it retains Securities for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires Securities from a dealer for the purpose of offering or selling such Securities during the restricted period, to repeat and confirm the representations and agreements contained in subclauses (a), (b) and (c) of this paragraph on such affiliate’s behalf; and
- (e) to agree that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) that purchases any Securities subject to the D Rules from it pursuant to a written contract with such dealer (except a distributor that is one of its affiliates

or is another dealer), for the benefit of the Issuer and each other dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subclauses (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a dealer hereunder.

The terms used in the preceding sentence have the meanings given to them by the Code and the U.S. Treasury regulations thereunder, including the D Rules.

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

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. persons; or (vii) any other "U.S. Person" as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the CEA.

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

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

- (a) that trading in the Securities has not been and will not be approved by the CFTC under the CEA;
- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Securities of such Series so purchased in the United States or to, or for the account or benefit of, any

U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;

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

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

## 5. UNITED KINGDOM

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

## 6. INDIA

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

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

The Securities have not been approved by the Securities and Exchange Board of India, Reserve Bank of India or any other regulatory authority of India, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information

contained in this Base Prospectus. This Base Prospectus has not been and will not be registered as a prospectus or a statement in lieu of prospectus with the Registrar of Companies in India.

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

## **7. HONG KONG**

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

## **8. SINGAPORE**

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

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

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



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

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

**9. TAIWAN**

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

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## GENERAL INFORMATION

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### Authorisation

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

### Listing

Application will be made to NYSE Euronext or any other stock exchange or market for Securities issued up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam by NYSE Euronext or any other stock exchange or market. Certain Securities issued under this Base Prospectus may not be listed. For so long as the Securities are listed on Euronext Amsterdam by NYSE Euronext and NYSE Euronext requires so there will be a paying agent in The Netherlands. ABN AMRO Bank N.V. MF 2020 Kemelstede 2, P.O. Box 3200, 4800 DE Breda, The Netherlands, has been appointed as the initial paying agent in The Netherlands.

### Documents available

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

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

The Registration Document, copies of all documents incorporated by reference and other documents as mentioned above, are accessible at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com) or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

## **Clearing and settlement systems**

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

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

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

For a short period prior to the Launch Date specified in the applicable Final Terms, the Securities of the relevant Series may be offered by the Issuer for subscription to prospective investors but the Issuer reserves the right to close subscription early. The Issuer anticipates that it will deliver the Final Terms in respect of each Series of the Securities which are to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext or any other stock exchange prior to the commencement of the Subscription Period specified in the Final Terms or prior to the Launch Date specified in the Final Terms if there is no Subscription Period. On or about the Launch Date, the Issuer will, pursuant to its agreement with NYSE Euronext or any other stock exchange, as the case may be, offer to buy or sell the Securities of any Series to be admitted to trading and listed on Euronext Amsterdam or any other stock exchange (as applicable). Any such trading, if any, will be on an as, if and when issued basis until the Issue Date specified in the applicable Final Terms. Except in the case of dematerialised Securities, the Securities will be issued in global form and all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions. Other than the issue price of the Securities of the relevant Series, each prospective investor shall not be required to pay any expenses to the Issuer in order to subscribe for the relevant Securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(h) Expenses and Taxes**

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

**(j) Post-issuance information**

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

**(k) Description of the Securities**

The notes are investment instruments which may or may not bear interest and which, at maturity or earlier termination, either pay a cash amount which may or may not be equal to the nominal amount of the relevant note, less certain expenses (the “**Cash Amount**”) or, in the case of exchangeable notes, permit the Holder thereof to exchange his note for, depending on the terms of the relevant note, a defined amount of the Underlying or an amount in cash calculated by reference to the value of the Underlying (the “**Conversion Amount**”). The amount of interest to be paid and/or the Cash Amount and/or the Conversion Amount may or may not be dependent upon the performance of an underlying reference rate, stock, index and its constituent elements or basket, in all cases, as provided in the terms of the relevant note. As such, each note will entail particular risks. Notes which are not capital protected may result in the Holder losing some or, in certain limited cases, all of his initial investment. Notes where the interest amount paid is dependent upon the performance of the Underlying may result in the Holder receiving no or only a limited periodic return on his investment.

The price at which a Holder will be able to sell notes prior to their redemption may be at a potentially substantial discount to the market value of the notes at the issue date depending upon the performance of the Underlying at the time of sale.

The types of note that may be issued under this Base Prospectus are described below.

Range accrual notes are interest bearing cash settled securities. Range accrual notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a range accrual note depends on the performance of one or more underlying reference rates, as specified in the applicable Final Terms. Typically, interest will accrue for each relevant day in an interest period on which the Underlying performs in the manner specified in the Final Terms but will not accrue in respect of other days. Interest on a range accrual note may also be paid at a pre-determined specified rate for certain interest periods specified in the applicable Final Terms.

Ladder notes are interest bearing cash settled securities which may be called by the Issuer on specified dates. Ladder notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a ladder note depends on the performance of an underlying reference rate, as specified in the applicable Final Terms. Typically, interest will be paid in respect of each interest period either at a pre-determined specified rate or at the difference between a pre-determined specified rate and an identified floating rate for the relevant interest period, subject in the latter case to any minimum rate specified for the relevant interest period, all as specified in the applicable Final Terms.

Target coupon notes are interest bearing cash settled securities. Target coupon notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a target coupon note depends on the performance of one or more underlying shares, as specified in the applicable Final Terms. Typically, a target interest amount will be set which, if reached prior to maturity, may result in early termination of the securities. In certain cases additional interest amounts may also be paid as specified in the applicable Final Terms.

Rate notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a rate note may depend on the performance of one or more underlying reference rates and/or may be determined by reference to a fixed rate or rates, as specified in the applicable Final Terms.

Zero coupon notes are cash settled securities which are issued at a percentage of the nominal amount and which do not bear any interest.

Currency exchange notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a currency exchange note will depend on the performance of one or more underlying currency exchange rates, as specified in the applicable Final Terms.

Yield discovery notes are capital protected interest bearing cash settled securities. Yield discovery notes are redeemed at their nominal amount. The amount of interest paid on a yield discovery note depends on the performance of an underlying basket of shares, as specified in the applicable Final Terms. The maximum rate of interest so determined may be capped at the level specified in the applicable Final Terms. Interest on a yield discovery note may also be paid at a pre-determined specified rate for certain interest periods as specified in the applicable Final Terms. The rate of interest for certain interest periods may be at least the level of the previous year.

Certificate notes are cash settled securities which may or may not be interest bearing or capital protected. The Cash Amount payable at maturity of a certificate note will at least equal its nominal amount (if it is capital protected) plus a return (which may be zero) calculated by reference to the performance of one or more underlying certificates, as specified in the applicable Final Terms.

Index notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity on an index note will at least equal a specified percentage of its nominal amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

Inflation index notes are fixed-income securities that track a consumer price index and offer a real rate of return; that is, they generate monthly interest payments that exceed the prevailing inflation rate by a specified amount.

Callable index notes are non-interest bearing cash settled securities. The Cash Amount payable on the note will depend on the performance of the underlying index specified in the applicable Final Terms. If during the life of the note the Issuer determines that an early redemption event has occurred, the note may be redeemed at an amount determined in the manner specified in the applicable Final Terms. If, by the maturity

date, an early redemption event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

Autocallable Notes are cash settled or physically settled (if specified in the applicable Final Terms) securities which are not capital protected and may be interest bearing. The Cash Amount payable on, and the maturity date of, the note will depend on the performance of the Underlying specified in the applicable Final Terms. If on specified dates during the life of the note the level of the Underlying performs in a specified manner (an “**Early Termination Event**”), the note will be redeemed at its nominal amount plus an additional amount specified in the applicable Final Terms. If, by the maturity date, an Early Termination Event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

Share notes are cash settled securities and may be interest bearing. If applicable, interest may be payable on a share note at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity of a share note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms.

Exchangeable notes may be cash settled or physically settled securities and may be interest bearing. If applicable, interest may be payable on an exchangeable note at a rate specified in the applicable Final Terms. The cash amount payable at maturity of a cash settled exchangeable note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms. In the case of a physically settled exchangeable note, the share amount to be delivered will be determined by reference to the performance of the underlying share in the manner specified in the applicable Final Terms.

Multi-asset Basket Linked Notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The cash amount payable at maturity on a Note will at least equal a specified percentage of its Nominal Amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

Fund linked notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms.

Basket related capital protected notes enable investors to participate in the performance of one or more baskets of different components relating to the relevant Series (including, without limitation and as specified in the applicable Final Terms, an index component, a real estate index component, a commodity component or a bond index component). In addition to capital protection, an investor may, as specified in the applicable Final Terms, receive an additional amount depending on the performance of one or more baskets of different components. If specified in the applicable Final Terms, an Interim Cash Settlement Amount or Interest Amount (each as defined in the applicable Final Terms) will be payable (subject to any applicable conditions being met) on the Interim Cash Settlement Amount Payment Date or each Interest Payment Date, as the case may be.

Commodity notes are cash settled securities which may be partially or fully capital protected and may or may not be interest bearing. The Cash Amount payable at maturity of a commodity note is calculated by reference to the performance of one or more underlying commodities, as specified in the applicable Final Terms.

**Third Party Information**

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



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## GENERAL CONDITIONS

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

1. DEFINITIONS

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

2. STATUS

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

3. Early Termination

The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (“**Applicable Law**”). In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

4. Notices

(a) Notices to Holders shall be given by the delivery of the relevant notice to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such notice to the Holders. The Issuer shall also ensure that notices are duly published, to the extent required, in a manner which complies (i) with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or in the country in which such Securities have been admitted to trading and (ii) with any relevant legislation.

- (b) Any such notice issued pursuant to General Condition 4(a) by being delivered to the Clearing Agent(s) will be deemed to have been given on the date of the delivery of such notice to the Clearing Agent(s). Any such notice issued pursuant to General Condition 4(a) by being published will be deemed to have been given on the date of the first publication (for the avoidance of doubt, such notice having been published by any valid means) or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

5. HEDGING DISRUPTION

- (a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a): (i) if it determines that a Hedging Disruption Event has occurred; and (ii) of the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).
- (b) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if the Issuer acting in good faith and in a commercially reasonable manner, determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer or any Hedge Provider wholly or partially (i) hold, acquire, to establish, re-establish, substitute, maintain, unwind or dispose of a relevant hedging transaction (a “**Relevant Hedging Transaction**”) or asset it deems necessary, appropriate or desirable to hedge the Issuer’s obligations in respect of the Securities or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). The reasons for such determination by the Issuer may include, but are not limited to, the following:
  - (i) the Issuer or any Hedge Provider will, whether directly or indirectly, incur a material increase (as compared with circumstances existing on the Issue Date) in the amount of tax, duty, expense (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) or fee (other than brokerage commissions) provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or the Hedge Provider shall not be considered for the purposes of this sub-paragraph (i); or
  - (ii) any material illiquidity in the market for, or any mandatory redemption in whole or in part of, the relevant instruments (the “**Disrupted Instrument**”) which from time to time are included in the reference asset to which the Securities relate; or
  - (iii) a change in any applicable law or regulation (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority); or
  - (iv) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or

- (v) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

In the Conditions:

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

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

- (c) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
  - (i) terminate the Securities. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, howsoever expressed, on a relevant Interest Payment Date (if applicable), any such amount to be paid under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, such present value being determined by the Calculation Agent. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4;
  - (ii) make an adjustment in good faith to the relevant reference asset by removing the Disrupted Instrument at its fair market value (which may be zero). Upon any such removal the Issuer may: (A) hold any notional proceeds (if any) arising as a consequence thereof and adjust the terms of payment and/or delivery in respect of the Securities; or (B) notionally reinvest such proceeds in other reference asset(s) if so permitted under the Conditions (including the reference asset(s) to which the Securities relate);
  - (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. Where the Securities contain provisions which provide a

minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such adjustment will in no way affect the Issuer's obligations to make payment to the Holders not less than the minimum assured return of principal and/or interest or coupons on the relevant Settlement Date or Maturity Date, or Interest Payment Date, as applicable.

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

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

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

#### 7. DETERMINATIONS AND MODIFICATIONS

- (a) Determinations.
  - (i) In making any determinations and calculations under these Conditions, the Issuer and the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner. All such determinations and calculations by the Issuer and the Calculation Agent shall, in the absence of manifest error, be final and binding.
  - (ii) Whilst it is intended that the Issuer and the Calculation Agent will employ the methodology described in the Conditions to make determinations in respect of the Securities, no assurance can be given that market, regulatory, judicial or fiscal circumstances or, without limitation, any other circumstances will not arise that would

necessitate a modification or change in such methodology in order that the Securities replicate as closely as possible investments in the assets underlying the Securities and its components. The Issuer and the Calculation Agent may make any such modification or change to such methodology that it considers necessary to reflect such circumstances.

- (iii) Calculations made by the Issuer or the Calculation Agent in respect of the Securities shall be made on the days specified herein; however, notwithstanding the foregoing or anything else contained in these Conditions, should the Issuer or the Calculation Agent determine that in order to give effect to the methodology described in these Conditions it is necessary to make calculations on a day or days other than that specified, then each of the Issuer and the Calculation Agent is permitted to make such calculations on such calendar day or days as it shall determine.
  - (iv) Due to timing considerations, process requirements and other matters that would, in the opinion of the Issuer or the Calculation Agent, be relevant in relation to the implementation of asset allocation models, the Issuer or the Calculation Agent may need to make appropriate adjustments to the methodology set out in the terms and conditions as it considers necessary in order to reflect the timing and amounts that would be applicable were the Issuer or the Calculation Agent physically implementing the methodology set out in the Securities.
- (b) Modifications. The Issuer may, without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## 8. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time without the consent of the Holders substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities:
  - (A) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB, (“**RBS Plc**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; or
  - (B) any entity other than RBS Plc (also, the “**Substitute**”), subject to:
    - either (x):
      - (i) the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4; and

- (ii) the Issuer or RBS Plc having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Holders;

or (y):

- (i) the Issuer having given at least three months' prior notice of the date of such substitution to the Holders in accordance with General Condition 4; and
- (ii) each Holder, from (and including) the date of such notice, to (and including) the date of such substitution, being entitled to terminate the Securities held by such Holder without any notice period in which event the Issuer will, if and to the extent permitted by Applicable Law, pay to such Holder with respect to each Security held by such Holder an amount calculated by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Where the Securities contain provisions which provide for a minimum assured return of principal or a minimum assured return of interest or other payments, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, howsoever expressed, on a relevant Interest Payment Date (if applicable) any such amount to be paid shall not be less than the present value of the minimum assured return of principal and/or interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, such present value being determined by the Calculation Agent. Payment will be made to the Holder in such manner as shall be notified to the Holders in accordance with General Condition 4,

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

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

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

9. TAXATION

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

10. REPLACEMENT OF SECURITIES AND COUPONS

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have be given to Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities and Coupons must be surrendered before replacements will be issued. This General Condition will not apply to Securities issued in dematerialised form.

11. Adjustments for European Monetary Union

(a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Securities shall be redenominated in euro. The election will have effect as follows:

- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
- (ii) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a National Currency Unit (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and

- (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding General Condition 11(a) and/or General Condition 11(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this General Condition, the following expressions have the meanings set out below.

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

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

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

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

## 12. AGENTS

- (a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the “**Principal Agent**”) shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Securities are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Conditions. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Holders in



accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

- (b) Calculation Agent. The Issuer a or such other Calculation Agent as specified in the applicable Final Terms, shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent or assignee as approved by the Issuer) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.

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

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

13. SURRENDER OF UNMATURED COUPONS

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

14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

15. GOVERNING LAW AND JURISDICTION

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

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

16. METHOD OF PAYMENT

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

17. COMMISSIONS, FEES AND REBATES

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

- (a) The Issuer may pay to a distributor, sales agent or other intermediary fees or commissions. Such fees or commissions are generally required to be disclosed by distributors, sales agents or intermediaries which, in each case, are EEA investment firms or credit institutions to their clients. Each potential investor in the Securities should satisfy itself as to the amount of any fees or commissions received by intermediaries;
- (b) The Issuer may receive or pay management or other fees from or to third parties. Where such fees are payable, further details of them will be set out in the relevant Final Terms; and
- (c) The Issuer may make payments to or receive the benefit of generic commission, discount and rebate arrangements from Hedge Providers and other transaction counterparties. Such arrangements will be as agreed between the Issuer and the third parties.

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

18. EVENTS OF DEFAULT

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

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Securities; or

- (b) the Issuer fails to perform or observe any of its other obligations under the Securities and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) an order is made or an effective resolution is passed for the winding up of the Issuer (excluding a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation in connection with which The Royal Bank of Scotland Group plc or any of its subsidiaries assumes the obligations of the Issuer as principal debtor in respect of the Securities),

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

**“Early Redemption Amount”** means an amount calculated by the Calculation Agent as the fair market value of the Security immediately prior to such Event of Default. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, howsoever expressed, on a relevant Interest Payment Date (if applicable), any such amount to be paid under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons, such present value being determined by the Calculation Agent.

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**CONDITIONS: PRODUCT CONDITIONS**  
**relating to Range Accrual Notes**

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

1. DEFINITIONS

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

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business in London;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**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;

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

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

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date 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;

**“Rate 1”** means, subject to Product Condition 4, the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Rate 2”** means, if applicable and subject to Product Condition 4, the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Reference Banks”** means the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Reference Spread”** means, if applicable, the spread of Rate 1 over Rate 2, to be fixed by the Calculation Agent at the Valuation Time on each day by reference to information published on the Reference Spread

Screen Page specified in the definition of the relevant Series in the applicable Final Terms, except that (i) if any day is not a Business Day, the fixing for the immediately preceding Business Day shall be used, (ii) the last fixing of Rate 1 and Rate 2 in each Interest Period will be the fifth Business Day prior to the Interest Payment Date falling at the end of that Interest Period and this fixing will be used for the remaining days of the Interest Period (whether or not they are Business Days) and (iii) if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on any day, then the Reference Spread will be fixed by the Calculation Agent in accordance with Product Condition 4 below;

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

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

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

**“Series”** mean 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;

**“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;

**“Target Rate”** means the rate determined by the Calculation Agent on the Pricing Date. The indicative Target Rate (the **“Indicative Target Rate”**) means the rate specified as such in the definition of the relevant Series in the applicable Final Terms; and

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



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

## 2. FORM

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

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised

Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date and the Issuer Call Date, as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified

Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Account or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “**Market Disruption Event**” means the situation in which Rate 1 and/or Rate 2, if applicable, is not available on the relevant Reference

Spread Screen Page, in which case the relevant rate shall be determined by the Calculation Agent, on the basis of quotations for the relevant rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time for the relevant Business Day. The Issuer will request each Reference Bank to provide a quotation of the relevant rate. If at least three quotations are provided, the relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine Rate 1 and/or Rate 2 (if applicable) and/or the Reference Spread, if applicable, at its sole and absolute discretion.

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

#### 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO LADDER NOTES**

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

1. DEFINITIONS

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

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business in London;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

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

“**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;

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

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date 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;

**“Reference Banks”** means the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Reference Rate”** means any Reference Rate specified as such in the definition of Interest Rate of the relevant Series in the applicable Final Terms;

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

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



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

“**Series**” mean 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;

“**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;

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

“**Trading Day**” means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Settlement Currency;

“**Valuation Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such day is not a Trading Day, the first succeeding Trading Day; and

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

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or

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

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If "Issuer Call" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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.
- (c) Interest Amount. If "Interest" is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date.
- (d) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

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

#### 4. ADJUSTMENTS

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

A “**Market Disruption Event**” means the situation in which the Reference Rate is not available on the relevant Screen Page specified in the definition of Interest Rate of the relevant Series in the applicable Final Terms, in which case the relevant rate shall be determined by the Calculation Agent, on the basis of the quotations for the Reference Rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time on the relevant Valuation Date. The Issuer will request each Reference Bank to provide a quotation of the relevant rate. If at least three quotations are provided, the relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If it is not possible to obtain quotations of the relevant rate from at least three of the Reference Banks then the Calculation Agent will determine the Reference Rate at its sole and absolute discretion.

- (b) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any

such determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO TARGET COUPON NOTES**

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

1. DEFINITIONS

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

“**Averaging Dates**” means, unless “Averaging Dates” is specified as “Not Applicable” in the applicable Final Terms, with respect to any Valuation Date, such Valuation Date and each of the four Scheduled Trading Days immediately following such Valuation Date, provided that, if any of the Averaging Dates is a Disrupted Day in respect of a Share, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the scheduled Averaging Date and the Averaging Date for each Share affected by the occurrence of a Disrupted Day (the “**Affected Share**”) shall be the first succeeding Valid Averaging Date in relation to an Affected Share. If the first succeeding Valid Averaging Date in relation to an Affected Share has not occurred (i) as of the Valuation Time on the Relevant Number of Scheduled Trading Days immediately following the originally designated Averaging Date or (ii) as of the Valuation Time on the relevant Cut-Off Date, then the Calculation Agent shall determine the closing price in respect of such Share in its absolute discretion acting in good faith and in a commercially reasonable manner on that day regardless of whether that day is a Valid Averaging Date. If the Exchange fails to publish the closing price in respect of any Shares on any of the Averaging Dates and such day is not a Disrupted Day, the closing price of such Shares on such day shall be determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner;

“**Basket**” means, unless “Basket” is specified as “Not Applicable” in the applicable Final Terms, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Bonus Coupon Amount**” means the amount, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Cash Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“C<sub>k</sub>”** means the Coupon Amount payable in respect of a Coupon Amount Payment Date;

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

**“Coupon Amount”** means, subject to the occurrence of an Early Termination Event, the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Coupon Amount Payment Dates”** means, the dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Business Day, the next following Business Day;

**“Cumulative Coupon Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Disrupted Day”** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders, in accordance with General Condition 4, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, a Valuation Date or an Initial Fixing Date (as the case may be). Without limiting the obligation of the Calculation Agent to notify the Holders as set forth in the preceding sentence, the failure by the Calculation Agent to notify the Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day hereunder;

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

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

**“Early Termination Event”** means the event 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;

**“Exchange”** means, with respect to each Share, the exchange or quotation system specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or specified as such in the definition of the relevant Series in the applicable Final Terms, or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system on the original Exchange);

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

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

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

**“Fixing Cut-Off Date”** means the date (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Initial Fixing Dates”** means (if applicable) a total of five Initial Fixing Dates, the First Initial Fixing Date being the date (if any) specified as such in the definition of the relevant Series in the applicable Final Terms and, if such day is not a Scheduled Trading Day in respect of all the Shares, then the immediately following Scheduled Trading Day in respect of all the Shares and the remaining Initial Fixing Dates shall be the four consecutive Scheduled Trading Days immediately following the first Initial Fixing Date, provided that if any of such days is a Disrupted Day in respect of a Share the Initial Fixing Date for each Share not affected by the occurrence of a Disrupted Day shall be the scheduled Initial Fixing Date and the Initial Fixing Date for each Share affected by the occurrence of a Disrupted Day (the **“Affected Share”**) shall be the first succeeding Valid Fixing Date in relation to such Affected Share. If the first succeeding Valid Fixing Date in relation to a Share has not occurred (i) as of the Valuation Time on the fifth Scheduled Trading Day immediately following

that originally designated Initial Fixing Date or (ii) as of the Valuation Time on the Fixing Cut-Off Date, then the Calculation Agent shall determine the closing price in respect of such Share in its absolute discretion acting in good faith and in a commercially reasonable manner on that day regardless of whether it is not a Valid Fixing Date on that day. For the avoidance of doubt, if the Exchange fails to publish the closing price in respect of any Shares on any Initial Fixing Date and such day is not a Disrupted Day, the closing price of such Shares on such day shall be determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner;

**“Initial Reference Spot”** means, if applicable, regarding the relevant Share, the price specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

**“Market Disruption Event”** means the occurrence or existence of any of:

- (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in options contracts or futures contracts relating to the Share on any relevant Related Exchange;

- (B) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in or obtain market values for the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, options contracts or futures contracts relating to the Share on any relevant Related Exchange;

which, in either of the above cases, the Calculation Agent determines is material and which occurs at any time during the one hour period that ends at the relevant Valuation Time; or

- (C) an Early Closure; or
- (D) any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms; or
- (E) any Emerging Market Disruption Event;

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date 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;

**“Reference Spot”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Related Exchange”** means, in respect of each Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share;

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

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

**“Relevant Number of Scheduled 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;

**“Residual Coupon Amount”** means the amount (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Scheduled Fixing Date”** means, if applicable, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Fixing Date;

**“Scheduled Trading Day”** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective trading session hours;

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

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

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

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

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

**“S<sub>i</sub>”** means the price determined in respect of each Share on the dates specified as S<sub>i</sub> Dates in the definition of the relevant Series in the applicable Final Terms;

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

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

“**Target Coupon Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valid Fixing Date**” means, if applicable, a Scheduled Trading Day that is not a Disrupted Day and on which another Initial Fixing Date does not or is not deemed to occur with respect to a Share;

“**Valid Averaging Date**” means, if applicable, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the relevant Valuation Date does not or is not deemed to occur;

“**Valuation Date**” means, subject to the occurrence of an Early Termination Event, the dates set out in the definition of the relevant Series in the applicable Final Terms, each being a Valuation Date, provided that, if any such date is not a Scheduled Trading Day in respect of all Shares, the Valuation Date shall be the immediately following day which is a Scheduled Trading Day in respect of all Shares; and

“**Valuation Time**” means close of trading on the relevant Exchange in relation to each Share.

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 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 Nominal Amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount 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 Nominal Amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, subject as provided below, on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.

- (c) Early Termination. If an Early Termination Event has occurred, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, such redemption to occur, subject as provided below, on the Settlement Date.
- (d) Interest. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, the Holder is entitled to receive the amounts specified, on the dates specified, under Interest Entitlement in the definition of the relevant Series in the applicable Final Terms.
- (e) Interest Accrual. Each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (f) 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or any amount specified under Interest Entitlement in the definition of the relevant Series in the applicable Final Terms.
- (h) The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.
- (i) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (j) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited

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

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

#### 4. ADJUSTMENTS

- (a) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
  - (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue, (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent, (iii) an extraordinary dividend, (iv) a call by the Share Company in respect of relevant Shares that are not fully paid, (v) a repurchase by the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or



otherwise, (vi) with respect to the Share Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Share.

- (b) Merger Event, Hedging Disruption, Nationalisation, Insolvency, Insolvency Filing or Delisting. If a Merger Event (A) which is a Reverse Merger or (B) under which the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, will consist) solely of New Shares, occurs in relation to a Share Company, the Calculation Agent shall make such adjustments to the terms and conditions of the Securities as it determines appropriate to account for the economic effect on the Securities of such Merger Event (provided that the Issuer may, but need not, determine the adjustment by reference to the adjustment in respect of such event made by an options exchange to options on the Shares traded on that options exchange) and determine the effective date of that adjustment. If the Calculation Agent determines that, as a result of the application of this provision, the number of different Shares in the Basket is reduced, Share Substitution will apply. Share Substitution shall also apply where a Merger Event other than those as set out in (A) and/or (B) of this Product Condition 4(b) occurs.

If any of Hedging Disruption, Nationalisation, Insolvency, Insolvency Filing or De-listing occurs in relation to a Share Company, Share Substitution shall apply.

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

**“Hedging Disruption”** means the inability of the Issuer to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to any Securities or (B) realise, recover or remit the proceeds of any such transaction or asset.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

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

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

**“Merger Event”** means any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change to all of the outstanding Shares), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiary with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the holders of the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively owning less than 50 per cent. of the outstanding Shares immediately following such event (a **“Reverse Merger”**), in each case if the Merger Date is on or before the final Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity or instrumentality thereof.

**“New Share”** means ordinary or common shares, whether of the entity or person (other than the Merger Company) involved in the Merger Event or a third party that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

**“Share Substitution”** means on or after the relevant Merger Date or the date of the Nationalisation, Insolvency or Delisting or the date of the Insolvency Filing or Hedging Disruption (as the case may be), the Calculation Agent will adjust the Basket to include a share selected by it in good faith in accordance with the criteria for share selection set out below (the **“Substitute Shares”**) in place of the Shares which are affected by the Merger Event, Nationalisation, Insolvency, Delisting, Insolvency Filing or Hedging Disruption, and the Substitute Shares and their respective issuers will be deemed **“Shares”** and a **“Share Company”**, respectively, and the Calculation Agent will adjust any relevant terms and conditions hereunder accordingly, provided that (for the avoidance of doubt) the Initial Reference Spot of each Substitute Share will be determined in accordance with the formula set out as below:

$$\text{Initial Reference Spot} = A \times (B / C)$$

Where:

“A” is the official closing price of the relevant Substitute Share on the Substitution Date;

“B” is the Initial Reference Spot of the relevant affected Share; and

“C” is the official closing price of the relevant affected Share on the Substitution Date.

In order to be selected as Substitute Shares, the relevant shares shall (if practicable as selected by the Calculation Agent on a best efforts basis) meet all or some of the following criteria:

1. a share which is not already comprised in the Basket;
2. a share which belongs to a similar economic sector as the affected Share; and
3. a share which is of comparable market capitalisation, international standing and exposure as the affected Share.

After selecting each Substitute Share, the Calculation Agent will, as soon as reasonably practicable, notify the Holders in accordance with General Condition 4 of the occurrence of the relevant events and the identity of each affected share and the relevant adjustment to the Basket will be deemed to be effective as of the date selected by the Calculation Agent in its absolute discretion acting in good faith and in a commercially reasonable manner and specified in such notice (the **“Substitution Date”**) which may, but need not, be the day upon which the relevant event occurred.

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

- (c) In the event that any price quoted on the Exchange and which is utilised for any calculation or determination made hereunder is subsequently corrected and quoted or published by the Exchange within two Scheduled Trading Days of the previously published or quoted price, to the extent that the Calculation Agent is aware of the same, the Calculation Agent will take into account such correction when determining the relevant Coupon Amount and, to the extent necessary, the Calculation Agent will adjust the terms and conditions of the Securities to account for such correction.
- (d) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it consider it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt by it of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO RATE NOTES**

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

1. DEFINITIONS

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

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of “Cash Amount” for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**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;

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

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

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date 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;

**“Reference Banks”** means the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

**“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 Days**” means the number of days, if any, specified as such in the definition of “Underlying Rate” for the relevant Series in the applicable Final Terms;

“**Screen Page**” means each page, if any, specified as such in the definition of “Underlying Rate” for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

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

“**Series**” mean 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;

“**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;

“**Underlying Rate**” means each rate specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the Underlying Rate shall be calculated in accordance with Product Condition 4; and

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

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If "Issuer Call" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date and the Issuer Call Date, as the case may be.
- (d) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

A “**Market Disruption Event**” means the situation in which an Underlying Rate is not available on the relevant Screen Page, in which case the relevant rate shall be determined by the Calculation Agent on the basis of quotations for the relevant rate, or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify, provided by the Reference Banks at the Valuation Time for the relevant day. The Issuer will request the principal London office of each Reference Bank to provide a quotation of the relevant rate. The relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation

(or, in the event of equality, one of the lowest) if more than three quotations are provided. If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the relevant Underlying Rate at its sole and absolute discretion, which determination may be delayed for up to 180 days following the occurrence of an Emerging Market Disruption Event.

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

#### 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO ZERO COUPON NOTES**

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

1. DEFINITIONS

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

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of “Cash Amount” for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

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

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

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

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Payment Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

“**Pricing Date**” means the date 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;

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

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

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

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect

from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding



Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (c) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.
- (d) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (e) 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.
- (f) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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 determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO CURRENCY EXCHANGE NOTES**

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

1. DEFINITIONS

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

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business in London;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of “Cash Amount” for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

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

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other

similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

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

**“Exchange Rate”** means each rate of exchange specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) or to such other sources as the Calculation Agent may reasonably determine to be appropriate;

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

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

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a

Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

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

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

“**Screen Page**” means each page, if any, specified as such in the definition of “Exchange Rate” for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

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

“**Series**” mean 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;

“**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;

“**Trading Day**” means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Settlement Currency;

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

“**Valuation Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, in the case of an Issuer Call, the date specified as such in the notice delivered in accordance with Product Condition 3, or if such day is not a Trading Day, 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 Valuation Date shall be the first Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (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); and (b) the Calculation Agent shall determine the relevant Exchange Rate(s) having regard to the then prevailing market conditions, the last reported rate(s) for the relevant Exchange Rate(s) and such other factors as the Calculation Agent determines to be relevant; and

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

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated**”).



**Securities**") in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the "**FISA**").

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Maturity Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If "Issuer Call" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date and the Issuer Call Date, as the case may be.

- (d) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the

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

4. ADJUSTMENTS

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

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

- (f) Change in Law. A change in law in the country of the principal financial centre of an Underlying Currency which may affect the ownership in and/or the transferability of that Underlying Currency; or
- (g) 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 an Underlying Currency; or
- (h) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of an Underlying Currency; or
- (i) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

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

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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

#### 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO YIELD DISCOVERY NOTES**

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

1. DEFINITIONS

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

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

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

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

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or

- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means, with respect to each Share, either the exchange or quotation system specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or, if none is so specified, the exchange on which the Share has its primary listing;

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

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

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

**“Initial Reference Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, in relation to each Share, an amount equal to the price of the Share quoted on the Exchange at the Valuation Time on the Pricing Date as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) a price determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series or, in the event that any Valuation Date is delayed in relation to any of the Shares due to a Market Disruption Event, such later date being not more than four Business Days after the relevant Valuation Date as the Calculation Agent may in its sole and absolute discretion determine;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or

determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency



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

“**Pricing Date**” means the date 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;

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

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

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

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

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

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

“**Series**” mean 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;

“**Share**” means each share specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or, if none is so specified, each share within the Basket, subject to Product Condition 4, and “**Shares**” shall be construed accordingly;

“**Share Company**” means, with respect to each Share, the share company specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or, if none is so specified, the issuer of the Share;

“**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;

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

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

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

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing

Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If "Issuer Call" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If "Interest" is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date.
- (d) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

- (g) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) **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.
- (i) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or

- (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (ii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
  - (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is

cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (ii) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
  - (iii) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the

determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

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

**“Merger Event”** means any (A) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares; (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (C) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (A) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

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



Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO CERTIFICATE NOTES**

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

1. DEFINITIONS

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

“**Basket**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

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

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

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

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

**“Final Reference Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to (i) the level of the Basket at the Valuation Time on the Valuation Date calculated as the sum of, for each Certificate, its Weight multiplied by the level of such Certificate at the Valuation Time on the Valuation Date, or (ii) for the relevant Series, if “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the price of the Certificate, in each case quoted on the Exchange at the close of trading on the Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) a price determined by the Calculation Agent as its good faith estimate of the closing price of the Basket or the Certificate, as applicable, on such date having regard to the then prevailing market conditions, the last reported trading price of the Certificate(s) on the Exchange and such other factors as the Calculation Agent determines relevant;

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

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

**“Initial Reference Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to (i) the level of the Basket at the Valuation Time on the Pricing Date calculated as the sum of, for each Certificate, its Weight multiplied by the level of such Certificate at the Valuation Time on the Pricing Date, or (ii) for the relevant Series, if “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the price of the Certificate, in each case quoted on the Exchange at the close of trading on the Pricing Date as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) a price determined by the Calculation Agent as its good faith estimate of the

closing price of the Basket or the Certificate, as applicable, on such date having regard to the then prevailing market conditions, the last reported trading price of the Certificate(s) on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so 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 Certificates are traded;

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

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

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

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

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

**“Series”** mean 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 Maturity Date or if later, the Relevant Number of Business Days following the Valuation Date;

**“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;

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

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

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

**“Weight”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Certificate, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

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

## 2. FORM

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



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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the

Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) **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.
- (i) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Certificates on the Exchange or any other exchange on which the Certificates are traded; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Certificates on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (ii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(b) Potential Adjustment Events. Following a declaration by the issuer of the Certificates of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Certificates and, if so, will:

- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Certificates traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

“**Potential Adjustment Event**” means any event that may have a diluting or concentrative effect on the theoretical value of the Certificates.

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

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO INDEX NOTES**

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

1. DEFINITIONS

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

“**Basket**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or

- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

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

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

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

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the level of the Basket at the Valuation Time on the Valuation Date calculated as the sum of, for each Index, its Weight multiplied by the level of such Index at the Valuation Time on the Valuation Date or (ii) for the relevant Series, if **“Basket”** is specified in the applicable Final Terms as being **“Not Applicable”**, the level of the Index at the Valuation Time on the Valuation Date, all as determined by 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) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Basket or the Index, as applicable, on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

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

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

**“Index”** means each index specified as such in the definition of Basket in the applicable Final Terms or, if for the relevant Series **“Basket”** is specified in the applicable Final Terms as being **“Not Applicable”** the index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in



the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

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

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

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

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

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

“**Series**” mean 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 Maturity Date or if later, the third Business Day following the Valuation Date;

“**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;

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

“**Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or if such day is not a Trading Day, the next succeeding Trading Day, unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (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) 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 the Shares and such other factors as the Calculation Agent determines to be relevant;

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

“**Weight**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Index, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and

effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “**Market Disruption Event**” means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) 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.
- (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 (1), (2), (3) or (4) below.
- (1) If any Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant 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.
  - (2) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating any Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the relevant Index on the Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be

the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.

- (3) 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 relevant 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 relevant Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the 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 by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.
- (4) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

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

5. EFFECT OF FINAL TERMS

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



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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO INFLATION INDEX NOTES**

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

1. DEFINITIONS

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

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

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

“**Fixed Spread**” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Inflation Index Level”** means the non-revised level of the Inflation Index, as determined by the Calculation Agent in its sole and absolute discretion. Any revision or amendment to the Inflation Index Level after the initial publication thereof shall be disregarded for the purposes of determining the corresponding Interest Rate unless the Inflation Index is re-based as a result of such revision or amendment, in which case the definition shall be subject to such amendments as the Calculation Agent, acting in its sole and absolute discretion, considers appropriate to preserve the economic features of the Securities;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Date (N)”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each relevant Interest Payment Date;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent

in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

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

**“Series”** mean 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; and

**“Settlement Date”** means the Maturity Date or if later, the third Business Day following the Valuation Date.

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in

either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “**Market Disruption Event**” means the occurrence or existence during the one hour period that ends at the official close of trading on any relevant exchanges of any suspension of or limitation imposed on trading in relation to the relevant Inflation Index 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 exchanges or otherwise):

- (A) on any relevant exchanges(s) in securities that comprise 20 per cent or more of the level of the relevant Inflation 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 Inflation Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Inflation Index shall be based on a comparison of (x) the portion of the level of the Inflation Index attributable to that security relative to (y) the overall level of the Inflation Index, in each case immediately before that suspension or limitation; or
  - (B) on any relevant exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Inflation Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.
- (b) Adjustments to Inflation 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 (1), (2) or (3) below.
- (1) If any Inflation Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but a in a way acceptable to the Calculation Agent; or (B) replaced by a successor inflation index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Inflation Index, then (in either case) the relevant Inflation Index will be deemed to be the inflation index so calculated and announced by that successor inflation index, as the case may be.
  - (2) If (A) on or prior to the Interest Payment Date there is a material change in the formula for or the method of calculating any Inflation Index or in any other way an Inflation Index is materially modified (other than a modification prescribed in that formula or method to maintain the Inflation Index in the event of changes in constituent securities and other routine events); or (B) on the Interest Payment Date there is a failure to calculate and/or publish any Inflation Index; then (in either case) the Calculation Agent shall determine the Inflation Index Level using, in lieu of a published level for the relevant Inflation Index on the Interest Payment Date, the level for the relevant Inflation Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Inflation Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Inflation Index immediately prior to the change or failure

(other than those securities that have since ceased to be included in the Inflation Index) or, in the case of a material modification of the Inflation Index only, shall deem such modified Inflation Index to be the Inflation Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.

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

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

## 5. EFFECT OF FINAL TERMS

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



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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO INFLATION INDEX NOTES II**

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

1. DEFINITIONS

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

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

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

“**Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index for the Valuation Month, published by the Index Sponsor, as determined by the Calculation Agent without regard to any subsequently published correction. Any revision or amendment to the level of the Index after the initial publication thereof shall be disregarded for the purposes of determining the corresponding Interest Rate unless the Index is re-based as a result of such revision or amendment, in which case the level of the Index shall be subject to such amendments as the

Calculation Agent, acting in its sole and absolute discretion, considers appropriate to preserve the economic features of the Securities. If, in the determination of the Calculation Agent, no such level can be determined (and no Market Disruption Event has occurred and is continuing), level of the Index shall be a level determined by the Calculation Agent as its good faith estimate of the level of the Index for the relevant Valuation Month having regard to the last published level of the Index and such other factors as the Calculation Agent determines relevant;

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

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

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

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

**“Relevant Number of Months”** means the number of months specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Series”** mean 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 Maturity Date or such other date as specified in the definition of the relevant Series in the applicable Final Terms; and

**“Valuation Month”** means each month specified as such in the definition of the relevant Series in the applicable Final Terms unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred with respect to any month in which case that Valuation Month shall be the first succeeding calendar month for which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Months immediately following the original month which (but for the Market Disruption Event) would have been the Valuation Month. In that case (a) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine the level of the Index having regard to the then prevailing market conditions, the last published level of the Index and such other factors as the Calculation Agent determines to be relevant.

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

## 2. FORM

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date in the event that payment of any amount is postponed due to a Market Disruption Event.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or any Interest Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur

any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

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

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "Market Disruption Event" means the Index Sponsor fails to calculate and announce the level of the Index.
- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2) or (3) below.
  - (1) If the Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but in a way acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant Index will be deemed to be the Index so calculated and announced by that successor index, as the case may be.
  - (2) If (A) on or prior to the Interest Payment Date there is a material change in the formula for or the method of calculating the Index or the Index Sponsor, in any other way, materially modifies the Index (other than a modification prescribed in that

formula or method to maintain the Index in the event of changes in constituent securities and other routine events) then the Calculation Agent shall (a) determine the Final Reference Price using, in lieu of a published level for the Index, the level for the Index as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner or, (b) shall deem such modified Index to be the Index so calculated and announced or (c) shall terminate the Securities by giving notice in accordance with General Condition 4.

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

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

## 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS  
RELATING TO CALLABLE INDEX NOTES**

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

1. DEFINITIONS

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

“**Barrier Level**” means, if applicable, the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

“**Cash Amount**” means in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be 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**”);

“**Early Redemption Amount**” means in relation to each Early Redemption Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Early Redemption Date**” means each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Early Redemption Event**” occurs as specified in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent;



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

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

- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means 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;

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

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

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

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

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

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

**“Initial Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is

continuing) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

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

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so 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 Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

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

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

**“Relevant Percentage”** means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Series”** mean 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;

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

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

**“Valuation Time”** means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may determine 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at:
  - (i) If an Early Redemption Event has not occurred, the Cash Amount; or
  - (ii) If an Early Redemption Event has occurred, the Early Redemption Amount,such redemption to occur on the Settlement Date.
- (b) Interest. The Securities bear no interest and no payment shall be made on account thereof.
- (c) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (d) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or the Early Redemption Amount.
- (e) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

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

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A "Market Disruption Event" means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) 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.

- (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 (1), (2), (3) or (4) below.
- (1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "Successor Sponsor") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
  - (2) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
  - (3) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the 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 by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.

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

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

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger

the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO AUTOCALLABLE INDEX NOTES**

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

1. DEFINITIONS

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

“**Barrier Level**” means the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

“**Cash Amount**” means in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

“**Early Redemption Amount**” means in relation to each Valuation Date other than the final Valuation Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Early Redemption Event”** occurs, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, when, in relation to any Valuation Date other than the final Valuation Date, the Final Reference Price on such Valuation Date is greater than the Initial Reference Price, as determined by or on behalf of the Calculation Agent;

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

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

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

**“Exchange”** means 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;

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

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

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

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

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

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

**“Initial Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date 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 Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

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

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

**“Relevant Percentage”** means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Series”** mean 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;

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

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

**“Valuation Time”** means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may determine 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term **“Holder”** shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry



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

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

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at:
- (i) If an Early Redemption Event has not occurred, the Cash Amount; or

- (ii) If an Early Redemption Event has occurred, the Early Redemption Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or after the Valuation Date in respect of which an Early Redemption Event occurs, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Interest Amount or the Early Redemption Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (g) 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.

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

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “**Market Disruption Event**” means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) 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.
- (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 (1), (2), (3) or (4) below.

- (1) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "Successor Sponsor") acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (2) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable the Successor Sponsor fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
- (3) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the 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 by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E)

any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.

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

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

## 5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO AUTOCALLABLE SHARE BASKET NOTES**

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

1. DEFINITIONS

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

“**Barrier Level**” means the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

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

“**Cash Amount**” means in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

“**Cut-off Date**” means, if Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, seven Business Days prior to the Maturity Date;

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

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

**“Early Redemption Amount”** means in relation to each Valuation Date other than the final Valuation Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Early Redemption Event”** occurs, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, when, in relation to any Valuation Date other than the final Valuation Date, the Final Reference Price on such Valuation Date is greater than the Initial Reference Price, as determined by or on behalf of the Calculation Agent;

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

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

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

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

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

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

“**Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Underlying Value at the Valuation Time on a Valuation Date as determined by



the Calculation Agent provided that if, in the determination of the Calculation Agent, no such value can be determined and no Market Disruption Event has occurred and is continuing, Final Reference Price means a value determined by the Calculation Agent as its good faith estimate of the Underlying Value at such time on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

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

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

“**Initial Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Underlying Value at the Valuation Time on the Pricing Date as determined by the Calculation Agent provided that if, in the determination of the Calculation Agent, no such value can be determined and no Market Disruption Event has occurred and is continuing, Initial Reference Price means a value determined by the Calculation Agent as its good faith estimate of the Underlying Value at such time on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

“**Interest Payment Dates**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Least Performing Share”** means, if applicable, and the Share that performed the least well compared to the other Shares in the Basket according to the following formula:

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

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

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

**“Reference Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

Depository Receipt (“**ADR**”) or Global Depository Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

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

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

“**Relevant Percentage**” means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means the autocallable share basket notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

“**Share Amount**” means, if Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in the determination of the Issuer, for each Nominal Amount, a number of Least Performing Shares determined by the Calculation Agent as being the Nominal Amount divided by the Initial Reference Price of the Least Performing Share. If the Share Amount is an amount comprising a fraction of any Least Performing Shares, the Holders will receive a Share Amount comprising of the nearest whole number (rounded down) of Least Performing Shares (taking into account that a Holder’s entire holding may be aggregated at the Issuer’s discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency equal to the value of the outstanding undelivered fraction of such Least Performing Share, as calculated by the Calculation Agent on the basis of the Final Reference Price of the Least Performing Share converted into the Settlement Currency at the prevailing Exchange Rate, 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 Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date for the purposes of calculating the value of any outstanding undelivered fraction of the Least Performing Share (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine such value having regard to the then prevailing market conditions, the last reported trading price for the Least Performing Share on the Exchange and such other factors as the Calculation Agent determines to be relevant);

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

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

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

**“Underlying Value”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the value of the Basket determined in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

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

**“Weighting”** means, in relation to each Share, the number specified as such in the definition of Basket in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

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

## 2. FORM

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

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised

Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at:
  - (i) If an Early Redemption Event has not occurred, the Cash Amount otherwise if Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Share Amount; or
  - (ii) If an Early Redemption Event has occurred, the Early Redemption Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or after the Valuation Date in respect of which an Early Redemption Event occurs, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls

in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, Early Redemption Amount, any Interest Amount or the Share Amount, if applicable.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

- (f) Notice. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and the Securities are to be redeemed by delivery of the Share Amount then, in order to obtain delivery of the Share Amount the relevant Holder must deliver to the Agent (if the Securities are expressed to be in Definitive form) or the Clearing Agent, (if the Securities are expressed to be in Global form) in each case with a copy to the Principal Agent a notice (the “**Notice**”) not later than close of business in the place of reception thereof on the Cut-Off Date. No Notice may be withdrawn after receipt of it by a Clearing Agent, Agent or Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

- (i) specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
- (ii) attach with the specified aggregate Nominal Amount of the Securities (if in Definitive form) or specify the number of the account with the Clearing Agent to be debited with such Securities (if in Global form) and instruct the Clearing Agent to debit such account on such date;
- (iii) specify whether, if a Disruption Cash Settlement Price or any dividend is payable in a currency other than euro, it should be paid by or on behalf of the Issuer in the Settlement Currency (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) to an account maintained 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; or if such amount is payable in euro, payments will be made 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 and in any case specify the number of the account and other relevant information or, as the case may be, the address for delivery of the cheque;

- (iv) 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;
  - (v) include an undertaking to pay all Expenses and an authority to debit the account with the Clearing Agent in respect thereof or, as the case may be, to debit the account referred to in paragraph (iii) above or make a deduction from any cheque; and
  - (vi) specify the Delivery Details.
- (g) Late Delivery of Notice. If Physical Settlement is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms and the Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent after the close of business in the place of receipt on the Cut-off Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being for the purposes of the Conditions the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Notice (or the copy thereof) being delivered after close of business on the Cut-off Date as provided above. In the event that a Holder does not, in respect of a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Notice as set out above, prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount in respect of such Security in the open market or otherwise at a price determined by



the Issuer, in its sole discretion, to be the fair market value of the Shares, and shall hold the proceeds (the “**Realised Share Amount**”) for the account of the relevant Holder, until presentation of the relevant Notice. Upon payment of the Realised Share Amount as aforesaid, the Issuer’s obligations in respect of such Security shall be discharged.

- (h) Verification. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of any Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (i) Delivery of the Share Amount. Subject as provided in the Conditions, if Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the delivery of the Share Amount shall be made at the risk of the relevant Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered shareholder in respect of the Shares comprised in any Share Amount in the register of members of the Share Company. Where an amount equal to the value of the outstanding undelivered fraction of the Shares is payable but the Valuation Date for calculating such amount has been delayed due to a Market Disruption Event, then such amount will be payable three Business Days after the Valuation Date used for the purposes of calculating such amount.
- (j) Determinations. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether any such Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent. The Principal Agent shall use its best efforts promptly to notify the Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.
- (k) Intervening Period. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and redemption of a Security is to be by delivery of the Share Amount, for such period of time after the Maturity Date as the Issuer or

any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of any document or payment whatsoever received by that person in its capacity as the holder of such Shares (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffers as a result, whether directly or indirectly, of the Issuer or any other such persons being the legal owner of such Shares during such Intervening Period.

- (l) Dividends. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, any dividend in respect of any Share Amount to be delivered will be payable to the party, as determined by the Issuer, that would receive such dividend in accordance with market practice for a sale of the Shares executed on the Maturity Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Notice.
- (m) Settlement Disruption. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and the Securities are to settle by delivery of the Share Amount and prior to delivery of the Share Amount in respect thereof in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Delivery Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Holders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred. No Holder or any other person shall be entitled to any payment (including but not limited to interest) in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.
- (n) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any

circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

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

#### 4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
- (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:

- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
- (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
- (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating

the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and the action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

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

**“Merger Event”** means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the relevant Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

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

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO AUTOCALLABLE REFERENCE RATE NOTES**

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

1. DEFINITIONS

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

**“Barrier Level”** means the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

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

**“Cash Amount”** means in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

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

**“Early Redemption Amount”** means in relation to each Valuation Date other than the final Valuation Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Early Redemption Event”** occurs, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, when, in relation to any Valuation Date other than the final Valuation Date, the Final



Reference Price on such Valuation Date is greater than the Initial Reference Price, as determined by or on behalf of the Calculation Agent;

**“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;

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

“**Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Reference Rate at the Valuation Time on a Valuation Date as determined by the Calculation Agent by reference to information published on the Reference Rate Screen Page without regard to any subsequently published correction provided that if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on the relevant Valuation Date, then the Final Reference Price will be the Reference Rate as determined by the Calculation Agent in accordance with Product Condition 4;

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

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

“**Initial Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Reference Rate at the Valuation Time on the Pricing Date as determined by the Calculation Agent by reference to information published on the Reference Rate Screen Page without regard to any subsequently published correction provided that if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on the Pricing Date, then the Initial Reference Price will be the Reference Rate as determined by the Calculation Agent in accordance with Product Condition 4;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

“**Interest Payment Dates**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first

Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date 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;

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

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

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

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

**“Relevant Percentage”** means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Reference Banks”** means five leading dealers in the London interbank market which ordinarily provide quotations for the Reference Rate or any other rate requested by the Calculation Agent pursuant to Condition 4, as selected by the Issuer in its absolute discretion;

**“Reference Rate Screen Page”** means the page specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Series”** mean 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;

**“Trading Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London;

**“Valuation Date”** means each of the 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 has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case

the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may determine 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at:
  - (i) If an Early Redemption Event has not occurred, the Cash Amount; or
  - (ii) If an Early Redemption Event has occurred, the Early Redemption Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or after the Valuation Date in respect of which an Early Redemption Event occurs, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.

- (d) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (e) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Interest Amount or the Early Redemption Amount.
- (f) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (g) **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.
- (h) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

A “**Market Disruption Event**” means the situation in which the Reference Rate is not available on the Reference Rate Screen Page, in which case the relevant rate shall be determined by the Calculation Agent, on the basis of quotations for the relevant rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time for the relevant Trading Day. The Issuer will request the principal London office of each of the Reference Banks to provide a quotation of the relevant rate. The relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) if more than three quotations are provided. If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the Reference Rate at its sole and absolute discretion.

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

## 5. EFFECT OF FINAL TERMS

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



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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO SHARE NOTES**

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

1. DEFINITIONS

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

**“Basket”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

**“Cash Amount”** means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

**“Coupon”** means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

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

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or

- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

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

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

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

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

**“Final Averaging Dates”** means, unless for the relevant Series “Final Averaging Dates” is specified in the applicable Final Terms as being “Not Applicable”, in relation to each Share, each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms, unless in the determination of the Calculation Agent a Market Disruption Event has occurred on any such day, in which case such Final Averaging Date shall be the first succeeding Valid Averaging Date 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 Specified Valid Averaging Dates immediately following the original date which (but for the Market Disruption Event) would have been a Final Averaging Date. In that case (i) the last Specified Valid Averaging Date shall be deemed to be the Final Averaging Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the price of the Share for such Final Averaging Date, having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Final Reference Price”** means, unless for the relevant Series “Final Reference Price” is specified in the applicable Final Terms as being “Not Applicable”, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Initial Averaging Dates”** means, unless for the relevant Series “Initial Averaging Dates” is specified in the applicable Final Terms as being “Not Applicable”, in relation to each Share, each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms, unless in the determination of the Calculation Agent a Market Disruption Event has occurred on any such day, in

which case such Initial Averaging Date shall be the first succeeding Valid Averaging Date 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 Specified Valid Averaging Dates immediately following the original date which (but for the Market Disruption Event) would have been an Initial Averaging Date. In that case (i) the last Specified Valid Averaging Date shall be deemed to be the Initial Averaging Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the price of the Share for such Initial Averaging Date, having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Initial Reference Price”** means, unless for the relevant Series “Initial Reference Price” is specified in the applicable Final Terms as not applicable, the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

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

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

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

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

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

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

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

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

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

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

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

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

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

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

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

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

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

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

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

**“Specified Trading Days”** means the number of Trading Days specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Specified Valid Averaging Dates”** means the number of Valid Averaging Dates 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;

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

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

**“Valid Averaging Date”** means a Trading Day which is not an Initial Averaging Date or a Final Averaging Date;

**“Valuation Date”** means, unless for the relevant Series “Valuation Date” is specified in the applicable Final Terms as being “Not Applicable”, the date specified as such in the definition of the relevant Series in the applicable Final Terms, unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred 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 Specified Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case the last Specified Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event);

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

**“Weight”** means, if applicable, in relation to each Share, the percentage specified as such in the definition of Basket in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

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

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

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

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



the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur, subject as provided below, on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount. The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

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

**“Market Disruption Event”** means:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or

- (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
  - (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar

event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:
- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
  - (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the

determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and the action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

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

**“Merger Event”** means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Issuer Call Date or Valuation Date, as applicable.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

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

Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO SINGLE STOCK EXCHANGEABLE NOTES**

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

1. DEFINITIONS

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

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

**“Cash Amount”** means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

**“Coupon”** means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

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

**“Disruption Cash Settlement Price”** means the fair market value of the Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any related hedging arrangement, all as determined by the Issuer;

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

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



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

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

**“Exchange Date”** means the date of valid delivery of the Notice pursuant to the Holder’s Optional Exchange Right;

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

**“Exchange Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

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

**“Exchange 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 depositary, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Reference Price”** means, unless specified otherwise 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 Underlying Currency) equal to the price of the Share on the Exchange at the Valuation Time on the Valuation Date or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Holder”** has the meaning set out in Product Condition 2;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date. In respect of each Security, the Interest Period during which a Notice is delivered and each subsequent Interest Period shall be disregarded for this purpose;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(d);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(d) and, if any 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Optional Exchange Right”** means the right of the Holder to exchange any Security, in whole but not in part, for the Share Amount in accordance with Product Condition 3(e);

**“Optional Exchange Right Notice Period”** means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date (if any) 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 Share are traded;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American

Depository Receipt (“**ADR**”) or Global Depository Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the single stock exchangeable securities specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Disruption Event**” means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

“**Share**” means the share specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Share Amount**” means for each Nominal Amount the number of Shares specified in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Holder will receive a Share Amount comprising the nearest whole number (rounded down) of Shares (taking into account that a Holder’s entire holding may be aggregated at the Issuer’s discretion for the purpose of delivering the relevant Share Amount) and an amount equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the price of the Share on the Exchange at the Valuation Time on the Valuation Date, Issuer Call Date or Exchange Date, as the case may be, (each a “**Relevant Date**”) converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified, unless the Calculation Agent determines that there is a Market Disruption Event occurring on the Relevant Date and each of the Relevant Number of Trading Days immediately following the Relevant Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Relevant Date for the purposes of calculating the value of any outstanding undelivered fraction of the Share (regardless of the Market Disruption Event) and (ii) the Calculation Agent shall determine such value having regard to the then prevailing market conditions, the last reported trading price for the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

“**Share Company**” means the company specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 Exchange or any Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

“**Underlying Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event) and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the time with reference to which the Exchange publishes the official closing price of the Share or such other time as the Issuer may determine 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 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 Nominal Amount of the Securities (in which regard any certificate or other

document issued by the relevant Clearing Agent as to the Nominal Amount 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 Nominal Amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of

Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously exchanged, redeemed or purchased and cancelled and subject as provided by the Conditions and in the case of an Issuer Call (if applicable), each Security will be redeemed in respect of each Nominal Amount at:
- (i) the Cash Amount, on the Maturity Date;
  - (ii) by delivery of the Share Amount, in the event of there being an Optional Exchange Right;
  - (iii) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer Call Cash Amount in the event of there being an Issuer Call and the Issuer Call Cash Amount Condition specified in the definition of the relevant Series in the applicable Final Terms is satisfied; or
  - (iv) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, by delivery of the Share Amount in the event of there being an Issuer Call and the Issuer Call Share Amount Condition specified in the definition of the relevant Series in the applicable Final Terms is satisfied,
- such redemption to occur, subject as provided below, on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date. In respect of each Security, in the event that a Notice is delivered by the relevant Holder during an Interest Period then, in respect of that Interest Period and each subsequent Interest Period to the Maturity Date, no further Interest Amount shall be paid and any accrued unpaid Interest Amount shall be exchanged as provided in Product Condition 3(e).
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest (A) from and including the due date for redemption, or (B) if a Notice is delivered, from and including the last day of the immediately preceding Interest Period. No interest shall accrue after the Maturity Date or any earlier date, as the case may be, in the event that payment of any amount, or delivery of any Share Amount or payment of any fraction of a Share, is postponed due to the occurrence of a Settlement Disruption Event or a Market Disruption Event. Further, no Interest Amount will be paid in respect of the Interest Period in which the Exchange Date or, if applicable, the Issuer Call Date falls.

- (d) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may terminate the Securities, in whole or 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.
- (e) Optional Exchange Right. Subject to an Issuer Call (if applicable), the Holder is entitled to exercise the Optional Exchange Right on any Business Day during the Exchange Period by giving at least the Optional Exchange Right Notice Period notice and by delivery of a valid Notice by the Exchange Time in accordance with Product Condition 3(j) at the specified office of any Agent. Upon any such valid exchange, the right of the relevant Holder to receive the Cash Amount and any Interest Amount not yet paid shall be extinguished and in consideration and exchange thereof the Issuer shall, except as otherwise provided in these Conditions, deliver the Share Amount on the Settlement Date.

In the event that the Holder does not hold an account with the Exchange on the Settlement Date, the Issuer shall use reasonable endeavours to sell the Share Amount on behalf of the Holder and pay the resultant proceeds of sale less Expenses to the Holder in such manner as it shall determine in its sole discretion.

- (f) 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Amount, any Interest Amount, the Share Amount or the Disruption Cash Settlement Price. The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.
- (h) Notice. Pursuant to Condition 3(e), to exercise the Optional Exchange Right, the relevant Holder must deliver to the Clearing Agent with a copy to the Principal Agent, a notice in the form obtainable from the Agents (the “**Notice**”). No Notice may be withdrawn after receipt of it by a Clearing Agent or the Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.



The Notice shall:

- (i) be dated and shall specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
  - (ii) specify the number of the account with the Clearing Agent to be debited with such Securities and instruct the Clearing Agent to debit such account on such date;
  - (iii) specify the number of the account with the Clearing Agent to be credited with any Disruption Cash Settlement Price;
  - (iv) 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;
  - (v) include an undertaking to pay all Expenses and an irrevocable authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof or, as the case may be, to make a deduction from any amount payable; and
  - (vi) specify the Delivery Details.
- (i) Late Delivery of Notice. Any Notice to exercise the Optional Exchange Right delivered after the Exchange Time in the place of receipt on any Trading Day during the Exchange Period or on a day which is not a Trading Day will be deemed exercised on the following Trading Day during the Exchange Period. Any Notice delivered outside the Exchange Period shall be null and void. For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of such Notice (or the copy thereof) being delivered late.

- (j) Verification. In respect of any Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (k) Delivery of the Share Amount. Subject as provided in the Conditions, the delivery of the Share Amount shall be made at the risk of the relevant Holder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Share or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered holder in respect of the Shares comprised in any Share Amount in the register of members of the Share Company.
- (l) 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 any such Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form or, where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent. The Principal Agent shall use its best efforts promptly to notify the Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.
- (m) Intervening Period. If redemption of a Security is to be by delivery of the Share Amount, for such period of time after the Maturity Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Share comprising the relevant Share Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of any document or payment whatsoever received by that person in its capacity as the holder of such Share, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Holder or any subsequent beneficial owner of such Share or any other person in respect of any loss or damage which the relevant Holder or subsequent beneficial owner or any other person may sustain or suffers as a result, whether directly or indirectly, of the Issuer or any other such persons being the legal owner of such Share during such Intervening Period.
- (n) Dividends. Any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exchange Date or Issuer Call Date, as applicable, and to be

delivered in the same manner as such Share Amount. Any such dividend to be paid to a Holder shall be paid to the account specified in the relevant Notice.

- (o) **Settlement Disruption.** If the Securities are to settle by delivery of the Share Amount and prior to the delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the delivery date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Holders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 that a Settlement Disruption Event has occurred. No Holder or any other person shall be entitled to any payment (including but not limited to interest) in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.
- (p) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (q) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (r) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the

Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) **Market Disruption.** The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

**“Market Disruption Event”** means:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) **Potential Adjustment Events.** Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
- (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment,

the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:
- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise

realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

- (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that

results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Valuation Date.

“**Nationalisation**” means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (d) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO SINGLE STOCK EXCHANGEABLE NOTES (INTO CASH)**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the “Agents” which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Business Day**” means, unless otherwise specified in the applicable Final Terms, (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business and (ii) a day on which the Exchange is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Conversion Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Conversion Amount for the relevant Series in the applicable Final Terms, less Expenses. The Conversion Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Conversion Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Early Termination Date**” means the date of valid delivery of the relevant notice pursuant to Holder Early Termination;



**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) **Illiquidity.** It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) **Change in Law.** A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) **Imposition of Tax/Levy.** The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) **Unavailability of Settlement Currency.** The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the

Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means the exchange or quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

**“Exchange Period”** means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Exchange Rate”** means the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Expenses”** means all taxes, duties, and/or expenses, including all applicable depositary, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Reference Price”** means, unless specified otherwise 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 Underlying Currency) equal to the price of the Share on the Exchange at the Valuation Time on the Valuation Date or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Holder”** has the meaning set out in Product Condition 2;

**“Holder Early Termination”** means, notwithstanding the provisions of General Condition 3, the termination of the Securities, in whole or in part, by the Holder in accordance with Product Condition 3;

**“Initial Reference Price”** means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date. In respect of each Security, the Interest Period during which a Notice is delivered and each subsequent Interest Period shall be disregarded for this purpose;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(d);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(d) and, if any 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Optional Exchange Right Notice Period”** means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities and either (i) if the Settlement Currency is not euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the Settlement Currency is euro, a day on which the Trans-European Automated Real-Time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date (if any) 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 Share are traded;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Securities”** means each Series of the single stock exchangeable securities (into cash) specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

**“Series”** means each series of Securities set out in the applicable Final Terms;

**“Settlement Currency”** means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Settlement Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Share”** means the share specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Share Company”** means the company specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Standard Currency”** means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

**“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 Exchange or any Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Underlying Currency”** means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Valuation Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market

Disruption Event) and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the time with reference to which the Exchange publishes the official closing price of the Share or such other time as the Issuer may determine 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 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 Nominal Amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount 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 Nominal Amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously exchanged, redeemed or purchased and cancelled and subject as provided by the Conditions and in the case of an Issuer Call (if applicable), each Security will be redeemed in respect of each Nominal Amount at:
- (i) the Conversion Amount in the event of there being a Holder Early Termination;
  - (ii) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer Call Cash Amount in the event of there being an Issuer Call; or
  - (iii) otherwise the Cash Amount,
- such redemption to occur, subject as provided below, on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date. In respect of each Security, in the event that a Notice is delivered by the relevant Holder during an Interest Period then, in respect of that Interest Period and each subsequent Interest Period to the Maturity Date, no further Interest Amount shall be paid.

- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including (A) from and including the due date for redemption or (B) if a Notice is delivered, from and including the last day of the immediately preceding Interest Period. No interest shall accrue after the Maturity Date or any earlier date, as the case may be, in the event that payment of any amount is postponed due to the occurrence of a Market Disruption Event. Further, no Interest Amount will be paid in respect of the Interest Period in which the Early Termination Date or, if applicable, the Issuer Call Date falls.
- (d) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may terminate the Securities, in whole or 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.
- (e) Holder Early Termination. Subject to an Issuer Call (if applicable), the Holder may terminate the Securities held by it in whole or in part at any time on any Trading Day during the Exchange Period by giving at least the Optional Exchange Right Notice Period notice and delivery of a valid Notice by the Conversion Time in accordance with Product Condition 3(j) at the specified office of any Agent. Upon any such Holder Early Termination, the right of the Holder to receive the Cash Amount and any Interest Amount not yet paid shall be extinguished and the Issuer shall, except as otherwise provided in these Conditions, deliver the Conversion Amount on the Settlement Date.
- (f) 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, the Conversion Amount, the Issuer Call Cash Amount or any Interest Amount.
- (h) Notice. Pursuant to Condition 3(e), to effect a Holder Early Termination, the relevant Holder must deliver to the Clearing Agent with a copy to the Principal Agent, a notice in the form obtainable from the Agents (the “**Notice**”). No Notice may be withdrawn after receipt of it by



a Clearing Agent or the Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

- (i) be dated and shall specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
  - (ii) specify the number of the account with the Clearing Agent to be debited with such Securities and instruct the Clearing Agent to debit such account on such date;
  - (iii) specify the number of the account with the Clearing Agent to be credited with the Conversion Amount of such Securities;
  - (iv) 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
  - (v) include an undertaking to pay all Expenses and irrevocable authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof or, as the case may be, to make a deduction from any amount payable.
- (i) Late Delivery of Notice. Any Notice to effect a Holder Early Termination delivered after the Conversion Time in the place of receipt on any Trading Day during the Exchange Period or on a day which is not a Trading Day will be deemed exercised on the following Trading Day during the Exchange Period. Any Notice delivered outside the Exchange Period shall be null and void. For the avoidance of doubt, no holder of Securities or any other period shall be entitled to any payment, whether of interest or otherwise, by reason of such Notice (or the copy thereof) being delivered late.

- (j) Verification. In respect of any Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (k) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether any such Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form or, where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent. The Principal Agent shall use its best efforts promptly to notify the Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.
- (l) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the 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. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

**“Market Disruption Event”** means:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
- (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
- (B) in any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Potential Adjustment Events. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
- (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4,

stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:
- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer

and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or

- (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and action proposed to be taken in relation thereto.

**“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting

power of the Share Company to the offeror, in each case if the Merger Date is on or before the Valuation Date.

“**Nationalisation**” means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (d) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO INDEX EXCHANGEABLE NOTES**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the “Agents” which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Business Day**” means, unless otherwise specified in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Cash Amount for the relevant Series in the applicable Final Terms less Expenses. The Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Conversion Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Conversion Amount for the relevant Series in the applicable Final Terms less Expenses. The Conversion Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Conversion Level**” means the number specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Conversion Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Early Termination Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such day is not a Trading Day, means the first succeeding day which is a Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day, in which case the Early Termination 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 Early Termination Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Early Termination Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Index Level 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;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or



- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the **“Shares”**) to compute the Index, or any successor to such exchange or quotation system;

**“Exchange Period”** means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Exchange Rate”** means the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Index Level”** means a number equal to the level of the Index at the Valuation Time on the earlier of (i) Early Termination Date; or (ii) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer Call Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

**“Final Termination Date”** means the day specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Holder”** has the meaning set out in Product Condition 2;

**“Holder Early Termination”** means, notwithstanding the provisions of General Condition 3, the termination of the Securities, in whole or in part, by the Holder in accordance with Product Condition 3;

**“Holder Early Termination Notice Date”** means the date specified as such in the Notice delivered by the Holder in accordance with Product Condition 3;

**“Index”** means the index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Index Sponsor”** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the method of calculation and adjustment, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date. In respect of each Security, the Interest Period during which a Notice is delivered and each subsequent Interest Period shall be disregarded for this purpose;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(d);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(d) and, if any 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 Final Index Level 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, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Optional Exchange Right Notice Period”** means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET 2) System is open;

**“Pricing Day”** means the date (if any) 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 Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Securities”** means each Series of the index exchangeable securities specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

**“Series”** means each series of Securities set out specified in the applicable Final Terms;

**“Settlement Currency”** means the currency specified as such in the definition of the relevant Series specified 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;

“**Trading Day**” means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

“**Underlying Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms; and

“**Valuation Time**” means the time with reference to which the Index Sponsor calculates the closing level of the Index or such other time as the Issuer may determine 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 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 Nominal Amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount 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 Nominal Amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously exchanged, redeemed or purchased and cancelled and subject as provided by the Conditions and in the case of an Issuer Call (if applicable), each Security will be redeemed in respect of each Nominal Amount at:
- (i) the Conversion Amount in the event of there being a Holder Early Termination;
  - (ii) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer Call Cash Amount in the event of there being an Issuer Call; or
  - (iii) otherwise the Cash Amount,
- such redemption to occur, subject as provided below, on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall

bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date. In respect of each Security, in the event that a Notice is delivered by the relevant Holder during an Interest Period then, in respect of that Interest Period and each subsequent Interest Period to the Maturity Date, no further Interest Amount shall be paid.

- (c) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest (A) from and including the due date for redemption or (B) if a Notice is delivered, from and including the last day of the immediately preceding Interest Period. No interest shall accrue after the Maturity Date or any earlier date, as the case may be, in the event that payment of any amount is postponed due to the occurrence of a Market Disruption Event. Further, no Interest Amount will be paid in respect of the Interest Period in which the Early Termination Date or, if applicable, the Issuer Call Date falls.
- (d) Issuer Call. If "Issuer Call" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, the Issuer may terminate the Securities, in whole or 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.
- (e) Holder Early Termination. Subject to an Issuer Call (if applicable) and pursuant to Condition 3(j), the Holder may terminate the Securities held by it in whole or in part at any time on any Trading Day during the Exchange Period by giving at least the Optional Exchange Right Notice Period notice and delivery of a valid Notice by the Conversion Time in accordance with Product Condition 3(j) at the specified office of any Agent. Upon any such Holder Early Termination, the right of the Holder to receive the Cash Amount and any Interest Amount not yet paid shall be extinguished and the Issuer shall, except as otherwise provided in these Conditions, deliver the Conversion Amount on the Settlement Date.
- (f) 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or

omissions in the calculation of the Cash Amount, the Conversion Amount, the Issuer Call Cash Amount or any Interest Amount.

- (h) Notice. Pursuant to Product Condition 3(e), to effect a Holder Early Termination, the relevant Holder must deliver to the Clearing Agent with a copy to the Principal Agent, a notice in the form obtainable from the Agents (the “**Notice**”). No Notice may be withdrawn after receipt of it by a Clearing Agent or the Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

- (i) be dated and shall specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
- (ii) specify the number of the account with the Clearing Agent to be debited with such Securities and instruct the Clearing Agent to debit such account on such date;
- (iii) specify the number of the account with the Clearing Agent to be credited with the Conversion Amount of such Securities;
- (iv) 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
- (v) include an undertaking to pay all Expenses and irrevocable authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof or, as the case may be, to make a deduction from any amount payable.



- (i) Late Delivery of Notice. Any Notice to effect a Holder Early Termination delivered after the Conversion Time in the place of receipt on any Trading Day during the Exchange Period or on a day which is not a Trading Day will be deemed exercised on the following Trading Day during the Exchange Period. Any Notice delivered outside the Exchange Period shall be null and void. For the avoidance of doubt, no holder of Securities or any other period shall be entitled to any payment, whether of interest or otherwise, by reason of such Notice (or the copy thereof) being delivered late.
- (j) Verification. In respect of any Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (k) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether any such Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form or, where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void. If such Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent. The Principal Agent shall use its best efforts promptly to notify the Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.
- (l) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the 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. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. "Market Disruption Event" means (i) a general moratorium is declared in respect of banking activities in the country in which the 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 any 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.
- (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 (1), (2), (3) or (4) below:
  - (1) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "Successor Sponsor") acceptable to the Calculation Agent; or (B) replaced by a successor index

using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

- (2) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish the Index, then (in either case) the Calculation Agent shall determine the Final Index Level using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
- (3) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of the Shares of (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 by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend

on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; and (H) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO MULTI-ASSET BASKET LINKED NOTES**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

**“Additional Disruption Events”** means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Additional Fund Events”** means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Agent”** means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the **“Agents”** shall include any other Agent appointed pursuant to the provisions of General Condition 12;

**“Basket”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Best Performing Reference Asset”** means, unless specified otherwise in the applicable Final Terms, on each anniversary of the Issue Date, the Reference Asset that performed the best compared to the other Reference Asset in the Basket according to the formula as specified in the Final Terms;

**“Business Day”** means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

**“Cash Amount”** means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Clearing Agent”** means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a **“Clearing Agent”** and together the **“Clearing Agents”**);

**“Coupon”** means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Disruption Event”** means each event specified as such in Product Condition 4 and any Emerging Market Disruption Event;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or

- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means in respect of each Fund that is an exchange traded fund, each exchange or quotation system specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to that exchange or quotation system;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Reference Value”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of each Reference Asset as quoted by the fund manager of the Reference Asset or, where such Fund is an exchange traded fund, the trading price of the Fund Reference Asset quoted on the Exchange, in each case for each Valuation Date or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the NAV of the Reference Asset or, where such Fund is an exchange traded fund, the trading price of the Fund Reference Asset on the Exchange, in each case for such date having regard to the then prevailing market conditions, the last reported NAV or price of the Reference Asset or, where such Fund is an exchange traded fund, the last reported trading price of the Fund Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Fund”** means each fund (including exchange traded funds) specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Fund Administrator”** means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

**“Fund Adviser”** means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

**“Fund Documents”** means, with respect to any Fund or Fund Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Fund

Reference Asset specifying the terms and conditions relating to such Fund or Fund Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

**“Fund Event”** means each event specified as such in Product Condition 4(d) and any Additional Fund Event specified in the definition of the relevant Series in the applicable Final Terms;

**“Fund Prospectus”** means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

**“Fund Reference Asset”** means the relevant interests in each Fund or if the Fund is an exchange traded fund the relevant interests specified as “Fund Reference Assets” in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Fund Service Provider”** means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Hedging Agreement”** means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

**“Inclusion Date”** means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

**“Index”** means each index specified as such in the definition of the Basket in the applicable Final Terms, subject to Product Condition 4;

**“Index Sponsor”** means, in relation to each Index, the sponsor specified as such in the definition of the Basket in the applicable Final Terms and shall include any successor index sponsor pursuant to Product Condition 4;

**“Initial Reference Value”** means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Initial Reference Values”** means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;



**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date specified as such in the notice delivered by the Issuer 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Disruption Event has occurred on that day with respect to any Reference Asset in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation

Agent on its behalf determines that there is no Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is a Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the 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 Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or

- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(e) shall apply and the Issuer Call Date shall be adjusted accordingly;

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Merger Event”** means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

**“NAV”** means net asset value;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency

is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

“**Portfolio Guidelines**” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“**Pricing Date**” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so require;

“**Reference Asset**” means each Fund or Index, as the case may be, and “**Reference Assets**” means each or all of the Funds and Index’s as the case may be;

“**Reference Asset Currency**” means, in relation to each Index in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“**Reference Asset Exchange Rate**” means, in relation to each Reference Asset and where applicable, the rate of exchange between the relevant Reference Asset Currency and the Settlement Currency taken from Reuters page WX+ or as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable determine to be appropriate at such time;

“**Reference Banks**” means the entities, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Related Exchange**” means in respect of each Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of Underlying Rate for the relevant Series in the applicable Final Terms;

“**Relevant Party**” means each of the Fund and the Fund Adviser;

**“Replacement Fund”** means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with clause 4(e)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

**“Re-Weighting”** means with respect to each Index, if “Re-weighting” is specified as being “Applicable” in the applicable Final terms, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Screen Page”** means each page, if any, specified as such in the definition of Underlying Rate for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

**“Securities”** means each Series of the notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

**“Series”** mean 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, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date;

**“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;

**“Substitution Date”** means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

**“Trading Day”** means such days as specified in the definition of the relevant Series in the applicable Final Terms;

**“Underlying Rate”** means each rate, if any, specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the underlying rate shall be calculated in accordance with Product Condition 4;

**“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 day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) a Disruption Event has occurred on that day with respect to any Reference Asset, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Disruption Event, unless the Issuer or the Calculation

Agent on its behalf determines that there is a Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the 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 Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Cash Amount having regard to the then prevailing market conditions, the last reported NAV or price trading price of the Reference Asset or, where the Reference Asset is an exchange traded fund, the last reported trading price of the Fund Reference Asset on the Exchange and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or

- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(e) shall apply and the Valuation Date shall be adjusted accordingly;

**“Valuation Time”** means, in relation to the Underlying Rate, at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select and notify to Holders in accordance with General Condition 4; and

**“Weight”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Reference Asset, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term **“Holder”** shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between

accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the

Issuer Call Notice Period notice of its intention to redeem the 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.

- (c) Interest Amount. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.

- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4 ADJUSTMENTS

- (a) Disruption Event. Following a Disruption Event, the Calculation Agent will determine the effect of such Disruption Event and shall as soon as reasonably practicable under the circumstances notify the Issuer of such occurrence. The Calculation Agent will account for such occurrence as it sees fit which may include but is not limited to delaying calculation of the Cash Amount, the Issuer Call Cash Amount or any Interest Amount or making the appropriate adjustment to the calculation of the Cash Amount or any Interest Amount, all in the determination of the Calculation Agent.

**“Disruption Event”** means:

- (i) a Market Disruption Event; or
  - (ii) an Index Adjustment Event; or
  - (iii) an Additional Disruption Event.
- (b) Market Disruption. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(b), **“Market Disruption Event”** means

- (i) In respect of the Index, the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (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.

(ii) In respect of the Strategy:

- (A) Price Source Disruption. The failure by the Index Sponsor to announce or publish the price for the relevant Strategy Component (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Index Sponsor; or
- (B) Trading Suspension. The material suspension of trading on any Exchange or any Related Exchange; or
- (C) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of each relevant Strategy Component on the relevant Exchange; or
- (D) 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 each Strategy Component; or
- (E) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of each Strategy Component; or
- (F) De Minimis Trading. The number of contracts traded on the relevant Exchange with respect to each Strategy Component is such that the Issuer declares that its ability to enter into hedging transactions with respect to the relevant Strategy Component has been impaired due to a lack of, or, a material reduction in, trading in the relevant Strategy Component on the relevant Exchange; or
- (G) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Strategy Component (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 relevant Strategy Component on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

(H) Trading Limitation. The material limitation imposed on trading in the relevant Strategy Component with respect to it or any contract with respect thereto on any exchange or principal trading market; or

(I) 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.

(c) Index Adjustment Event. The Issuer or the Calculation Agent on its behalf shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below:

(i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

(ii) If: (A) on or prior to the Valuation Date or, if applicable, 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 and other routine events); or (B) on or prior to the Valuation Date or, if applicable, the Issuer Call Date as the case may be, 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 Value using, in lieu of a published level(s) for the Index on the Valuation Date or, if applicable, the Issuer Call Date, 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 securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or in the case of a material

modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or to terminate the Securities by giving notice in accordance with General Condition 4.

- (iii) If, at any time, any of the events specified in (A) to (I) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor, has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account. (A) (i) a distribution or dividend to existing holders of the 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 other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (C) a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue; (D) an extraordinary dividend; (E) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (G) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date or the Issuer Call Date, if applicable; (H) 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; (I) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.
- (iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other

consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(i), (ii) and (iv) above shall apply in the same context to the Strategy.

(d) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Fund Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Fund Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

(i) Global Events:

(A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund’s portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Fund Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

(B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has

been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.

- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Fund Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (l) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or

bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause 4(d)(i)(E)(c)(I) above and in the case of this clause 4(d)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 4(d)(i)(E)(a) through 4(d)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Fund Reference Assets, any fraudulent or negligent entry is made on the register of such Fund Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Fund

Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.

- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Fund Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Fund Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Fund Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Fund Reference Assets held by them.
  - (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
  - (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Fund Reference Assets on the Exchange.
  - (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and

deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.

- (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Fund Reference Asset, the occurrence of any event affecting such Fund Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Fund Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties



and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Fund Reference Assets).

(iii) Fund Reference Assets:

Any of the following events relating to the Fund Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Fund Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Fund Reference Assets;
- (B) a portion of each Fund Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Fund Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Fund Reference Assets, capital, securities, rights or other assets or interests to existing holders of Fund Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Fund Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Fund Reference Assets are denominated or any amendment to the currency of denomination of the Fund Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or

(iv) Trading and Fees:

- (A) In respect of the Fund Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Fund Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Fund Reference Assets as of such date).
- (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Fund Reference Assets (for any reason, including, without limitation,

by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Fund Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.

- (C) The frequency at which Fund Reference Assets can be traded is amended or the timing for subscription or redemption of Fund Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
- (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Fund Reference Assets or is entitled to any other amount and:
  - (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
  - (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Fund Reference Assets or be entitled to actual payment of any such other amount.
- (v) Fund Adviser and Fund Service Provider Failures:
  - (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
  - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.
  - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
  - (D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or

the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Fund Reference Assets.

- (vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(e) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a **"Permitted Action"**):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Fund Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Fund Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be

offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this clause 4(e)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(d), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(f) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Fund Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Fund Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation

Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.

- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising. 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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO MULTI-ASSET BASKET LINKED NOTES II**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Additional Market Disruption Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the “**Agents**” shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Basket Constituent**” means each Share, Fund (including, where the Fund is an exchange traded fund, the Reference Asset) or Index, as the case may be, specified as such in the definition of Basket, and “**Basket Constituents**” means each or all of the Shares, Funds (including, where the Fund is an exchange traded fund, the Reference Assets) and Indexes as the case may be;

“**Basket Constituent Currency**” means, in relation to each Basket Constituent in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“**Basket Return**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated in accordance with the following formula:

Weight of Share x Share Return + Weight of Index x Index Return + Weight of Fund x Fund Return;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The

Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Clearing Agent”** means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a **“Clearing Agent”** and together the **“Clearing Agents”**);

**“Coupon”** means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means, (i) with respect to each Share and each Fund which is an exchange traded fund, the exchange or quotation system specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system and (ii) with respect to each Index, each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the **“Index Shares”**) to compute the Index or any successor to such exchange or quotation system;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Exchange Rate”** means, in relation to each Basket Constituent and where applicable, the rate of exchange between the relevant Basket Constituent Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable determine to be appropriate at such time;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Fund”** means each fund (including exchange traded funds) specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Fund Administrator”** means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

**“Fund Adviser”** means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

**“Fund Documents”** means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset



specifying the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

**“Fund Event”** means each event specified as such in Product Condition 4(f) and any Additional Fund Events specified in the definition of the relevant Series in the applicable Final Terms;

**“Fund Final Reference Price”** means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms (i) the Fund Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Fund Reference Prices on each of the Valuation Dates;

**“Fund Initial Reference Price”** means, in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms the Fund Reference Price on the Pricing Date;

**“Fund Prospectus”** means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

**“Fund Reference Price”** means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of such Fund as quoted by the fund manager or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case at the Valuation Time on a Trading Day, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction, or (if in the determination of the Calculation Agent, no such price or NAV (as the case may be) can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case having regard to the then prevailing market conditions, the last reported NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Fund Return”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

Fund Final Reference Price / Fund Initial Reference Price -1;

**“Fund Service Provider”** means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Hedging Agreement”** means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

**“Inclusion Date”** means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

**“Index”** means each index specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Index Final Reference Price”** means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Index Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Index Reference Prices on each of the Valuation Dates;

**“Index Initial Reference Price”** means, in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Pricing Date;

**“Index Reference Price”** means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Trading Day, as determined by 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) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Index Shares and such other factors as the Calculation Agent determines relevant;

**“Index Return”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

$$\text{Index Final Reference Price} / \text{Index Initial Reference Price} - 1;$$

**“Index Sponsor”** means the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (ii) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date specified as such in the notice delivered by the Issuer 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Calculation Agent on its behalf 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 Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or

- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(g) shall apply and the Issuer Call Date shall be adjusted accordingly;

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Merger Event”** means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

**“NAV”** means net asset value;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Participation”** means the amount specified as such in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Portfolio Guidelines”** means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculator Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculator Agent on its behalf, circumstances so required;

**“Reference Asset”** means the relevant interests specified as such in the definition of the relevant Series in the Applicable Final Terms, subject to Product Condition 4 or, where the Reference Asset is not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund, subject to Product Condition 4;

**“Related Exchange”** means in respect of each Share or each Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares or the Index are traded;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Relevant Party”** means each of the Fund and the Fund Adviser;

**“Replacement Fund”** means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with clause 4(g)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

**“Securities”** means each Series of the notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

**“Series”** mean 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, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date or Issuer Call Date, as applicable;

**“Share”** means each share specified as such in the definition of Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4 and **“Shares” shall be construed accordingly;**

**“Share Return”** means in respect of each Share, unless specified otherwise in the applicable Final Terms, an amount calculated in accordance with the following formula:

$$\text{Share Final Reference Price} / \text{Share Initial Reference Price} - 1;$$

**“Share Company”** means for each Share, the share company specified as such in the applicable Final Terms, subject to Product Condition 4;

**“Share Final Reference Price”** means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Share Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the relevant Final Terms, an amount equal to the arithmetic mean of each of the Share Reference Prices on each of the Valuation Dates;

**“Share Initial Reference Price”** means, in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Pricing Date;

**“Share Reference Price”** means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction unless, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of such Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Standard Currency”** means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

**“Substitution Date”** means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

**“Trading Day”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Share, any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time, (ii) with respect to a Fund, any day (or, but for the occurrence of a Fund Event, would have been a day) on which trading in the Fund or the Reference Asset, as applicable, can take place and (iii) with respect to an Index, any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

**“Valuation Date”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Issuer or the Calculation Agent on its behalf determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (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); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(g) shall apply and the Valuation Date shall be adjusted accordingly;

**“Valuation Time”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Index the time with reference to which the Index Sponsor calculates the closing level of the Index, (ii) with respect to each Share the official close of trading on the relevant Exchange and (iii) with respect to each Fund (other than those Funds which are exchange traded funds) the time with reference to which the fund manager publishes the NAV or value and (iv) with respect to Funds which are exchange traded funds the time specified as such in the definition of the relevant series in the applicable Final Terms. Or, such other time as the Issuer or the Calculation Agent on its behalf may select and notify to Holders in accordance with General Condition 4; and

**“Weight”** means, for each Basket Constituent, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) **Global Form.** Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised



Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event or Fund Event, as applicable.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in

the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.
- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4 ADJUSTMENTS

- (a) Market Disruption in relation to a Share. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(a), a “**Market Disruption Event**” means:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Market Disruption in relation to an Index. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(b) a “**Market Disruption Event**” means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (1) 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

- (2) 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.
- (c) Potential Adjustment Events in relation to a Share. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:
  - (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

**“Potential Adjustment Event”** means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (d) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:
- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
  - (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by

the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and the action proposed to be taken in relation thereto.

**“De-listing”**, in this Product Condition 4(d) only, means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”**, in this Product Condition 4(d) only, means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power in the Share Company to the offeror, in each case if the Merger Date is on or before the relevant Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (1) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

(e) Potential Adjustment Events in relation to an 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 (1), (2), (3) or (4) below.

(1) If any Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “Successor

Sponsor”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant 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.

- (2) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating any Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level for the relevant Index on the Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
- (3) 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 relevant 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 relevant Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the Index 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 Index Shares equally or proportionately with such payments to holders of Index 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 Index Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Index Shares at a time when the relevant issuer has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (E) any non-cash dividends

declared on the Index Shares at a time when the relevant issuer has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Index Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Index Shares equal to or greater than 8 per cent. per annum of the then current market value of the Index Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

- (4) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.
- (f) Fund Events. Each of the following events constitutes a "Fund Event". The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.
  - (i) Global Events:
    - (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation



or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of

wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.

- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause 4(f)(i)(E)(c)(I) above and in the case of this clause 4(f)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by

reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 4(f)(i)(E)(a) through 4(f)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.
- (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in

relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).

- (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.
  - (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
  - (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
  - (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
  - (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable

for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has

or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;

- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund;  
or

(iv) Trading and Fees:

- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
- (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
- (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
- (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:
  - (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
  - (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.

- (v) Fund Adviser and Fund Service Provider Failures:
  - (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
  - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.
  - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
  - (D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.
- (vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(g) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “Permitted Action”):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be

references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or

- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this clause 4(g)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "Suspension Asset").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(f), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.



- (h) Fund Event Methodology and Determinations:
- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
  - (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
  - (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.

(i) Adjustments to the Basket

If a De-Listing occurs with respect to a Fund or a Share, as applicable or a Fund or a Share, as applicable is for any reason cancelled or ceases to exist, the Calculation Agent may determine in its sole discretion to either (A) replace the de-listed or cancelled Fund or Share, as applicable by a successor fund or share, as applicable which has in the determination of the Calculation Agent the same or substantially similar structure and a substantially similar economic impact, and is linked to the same asset as such Fund or Share, as applicable (B) remove the de-listed or cancelled Fund or Share, as applicable and allocate the Fund Final Reference Price or Share Final Reference Price, as applicable of such Fund or Share, as applicable as of the effective date of the de-listing or cancellation, pro rata to the remaining Funds or Shares, as applicable or (C) make such other adjustments to the Conditions as the Calculation Agent sees fit, acting in its absolute discretion.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made pursuant to the foregoing paragraph.

**“De-listing”** means, for the purpose of the foregoing paragraph, a Basket Constituent for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Basket Constituents are listed (and such cessation or suspension is continuing and such Basket Constituent is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

- (j) 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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO MULTI-ASSET BASKET LINKED NOTES III**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Additional Market Disruption Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the “**Agents**” shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Basket Constituent**” means each Certificate, Commodity, FX Rate, Share, Fund (including, where the Fund is an exchange traded fund, the Reference Asset) or Index, as the case may be, specified as such in the definition of Basket, and “**Basket Constituents**” means each or all of the Certificates, Commodities, FX Rates, Shares, Funds (including, where the Fund is an exchange traded fund, the Reference Assets) and Indexes as the case may be;

“**Basket Constituent Currency**” means, in relation to each Basket Constituent in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“**Basket Return**” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Certificate”** means each certificate specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Certificate Final Reference Price” (“CertFRP”)** means in respect of each Certificate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Certificate Reference Price on the Valuation Date;

**“Certificate Initial Reference Price” (“CertIRP”)** means, in respect of each Certificate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Certificate Reference Price on the Pricing Date;

**“Certificate Reference Price”** means in respect of each Certificate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Certificate at the Valuation Time on a Trading Day, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Certificate on such date having regard to the then prevailing market conditions, the last reported trading price of the Certificate on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Certificate Return”** means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Clearing Agent”** means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a **“Clearing Agent”** and together the **“Clearing Agents”**);

**“Commodity”** means each commodity specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Commodity Final Reference Price” (“CFRP”)** means in respect of each Commodity, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Commodity Reference Price on the Valuation Date;

**“Commodity Initial Reference Price” (“CIRP”)** means, in respect of each Commodity, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Commodity Reference Price on the Pricing Date;

**“Commodity Reference Price”** means in respect of each Commodity, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Commodity at the Valuation Time on a Trading Day, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then

prevailing market conditions, the last reported trading price of the Commodity on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Commodity Return”** means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Coupon”** means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means, (i) with respect to each Certificate, Commodity, Fund which is an exchange traded fund or Share, the exchange or quotation system specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system and (ii) with respect to each Index, each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the **“Index Shares”**) to compute the Index or any successor to such exchange or quotation system;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Exchange Rate”** means, in relation to each Basket Constituent and where applicable, the rate of exchange between the relevant Basket Constituent Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable determine to be appropriate at such time;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Form”** means Global;

**“Fund”** means each fund (including exchange traded funds) specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Fund Administrator”** means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

**“Fund Adviser”** means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

**“Fund Documents”** means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset specifying the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

**“Fund Event”** means each event specified as such in Product Condition 4(f) and any Additional Fund Event specified in the definition of the relevant Series in the applicable Final Terms;

**“Fund Final Reference Price” (“FFRP”)** means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Fund Reference Price on the Valuation Date;

**“Fund Initial Reference Price” (“FIRP”)** means, in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms the Fund Reference Price on the Pricing Date;

**“Fund Prospectus”** means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

**“Fund Reference Price”** means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of such Fund as quoted by the fund manager or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case at the Valuation Time on a Trading Day, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction, or (if in the determination of the Calculation Agent, no such price on NAV (as the case may be) can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case having regard to the then prevailing market conditions, the last reported NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Fund Return”** means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Fund Service Provider”** means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

**“FX Rate”** means each rate of exchange specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) or to such other sources as the Calculation Agent may reasonably determine to be appropriate at such time, subject to Product Condition 4;

**“FX Rate Final Reference Price” (“FXFRP”)** means in respect of each FX Rate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the FX Rate Reference Price on the Valuation Date;

**“FX Rate Initial Reference Price” (“FXIRP”)** means, in respect of each FX Rate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the FX Rate Reference Price on the Pricing Date;

**“FX Rate Reference Price”** means in respect of each FX Rate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the FX Rate at the Valuation Time on a Trading Day, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the FX Rate on such date having regard to the then prevailing market conditions, the last reported FX Rate and such other factors as the Calculation Agent determines to be relevant;

**“FX Rate Return”** means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Government Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Hedging Agreement”** means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

**“Inclusion Date”** means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

**“Index”** means each index specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Index Final Reference Price” (“IFRP”)** means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Valuation Date;

**“Index Initial Reference Price” (“IIRP”)** means, in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Pricing Date;

**“Index Reference Price”** means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Trading Day, as determined by 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) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Index Shares and such other factors as the Calculation Agent determines relevant;



**“Index Return”** means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Index Sponsor”** means the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (ii) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series

in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date specified as such in the notice delivered by the Issuer 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Calculation Agent on its behalf 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 Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or
- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(k) shall apply and the Issuer Call Date shall be adjusted accordingly;

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Merger Event”** means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such

Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

“**NAV**” means net asset value;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Participation**” means the amount specified as such in the applicable Final Terms;

“**Payment Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

“**Portfolio Guidelines**” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“**Pricing Date**” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so required;

“**Reference Asset**” means the relevant interests specified as such in the definition of the relevant Series in the Applicable Final Terms, subject to Product Condition 4 or, where the Reference Asset is not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund, subject to Product Condition 4;

“**Real Estate Index Return**” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Related Exchange**” means in respect of each Commodity, Share or each Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity, Shares or the Index are traded;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such

underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Relevant Party**” means each of the Fund and the Fund Adviser;

“**Replacement Fund**” means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with clause 4(k)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

“**Screen Page**” means each page, if any, specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“**Securities**” means each Series of the notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean 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, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date or Issuer Call Date, as applicable;

“**Share**” means each share specified as such in the definition of Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4 and “**Shares**” shall be construed accordingly;

“**Share Company**” means for each Share, the share company specified as such in the applicable Final Terms, subject to Product Condition 4;

“**Share Final Reference Price**” (“**SFRP**”) means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Valuation Date;

“**Share Initial Reference Price**” (“**SIRP**”) means, in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Pricing Date;

**“Share Reference Price”** means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction unless, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing an amount determined by the Calculation Agent as its good faith estimate of the price of the Share on such date having regard to the then prevailing market conditions, the last reported trading price of such Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Share Return”** means an amount calculated by the Calculation Agent in accordance with the formula 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;

**“Substitution Date”** means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

**“Trading Day”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Certificate, Commodity or Share, any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time, (ii) with respect to a Fund, any day (or, but for the occurrence of a Fund Event, would have been a day) on which trading in the Fund or the Reference Asst, as applicable, can take place, (iii) with respect to an Index, any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules and (iv) with respect to an FX Rate, any day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Settlement Currency;

**“Valuation Date”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (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); and (b) the Issuer or the Calculation Agent on its behalf shall determine the price, level or NAV, as applicable, having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or

- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(k) shall apply and the Valuation Date shall be adjusted accordingly;

**“Valuation Time”** means (i) with respect to each Commodity and FX Rate at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms, (ii) with respect to each Index the time with reference to which the Index Sponsor calculates the closing level of the Index, (iii) with respect to each Certificate or Share, the official close of trading on the relevant Exchange and (iv) with respect to each Fund (other than those Funds which are exchange traded funds) the time with reference to which the fund manager publishes the NAV or value and (v) with respect to Funds which are exchange traded funds the time specified as such in the definition of the relevant series in the applicable Final Terms. All unless otherwise specified in the definition of the relevant Series in the applicable Final Terms or, such other time as the Issuer or the Calculation Agent on its behalf may select and notify to Holders in accordance with General Condition 4; and

**“Weight”** means, for each Basket Constituent, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term **“Holder”** shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.

- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event or Fund Event, as applicable.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) 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.

- (i) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4 ADJUSTMENTS

- (a) Market Disruption in relation to a Commodity. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(a), a “**Market Disruption Event**” means:

- (i) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (ii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iii) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or
- (iv) Material Change in nature of or pricing method. 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 the Commodity; or
- (v) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or
- (vi) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange; or

- (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, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
  - (viii) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market; or
  - (ix) 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) Market Disruption in relation to an FX Rate. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(b), a “**Market Disruption Event**” means:
- (a) Price Source Disruption. If it becomes impossible to obtain any one or more FX Rates on the Valuation Date; or
  - (b) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
  - (c) Inconvertibility/non-transferrability. The occurrence of any event which (i) generally makes it impossible to convert the currencies in any one or more FX Rates through customary legal channels for conducting such conversion in the principal financial centre of a Basket Constituent Currency or (ii) generally makes it impossible to

deliver a Basket Constituent Currency from accounts in the country of the principal financial centre of that Basket Constituent Currency to accounts outside such jurisdiction or the Settlement Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

- (d) Nationalisation. Any expropriation, confiscation, requisition, nationalization or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates), of all or substantially all of its assets in the country of the principal financial centre of a Basket Constituent Currency; or
- (e) Illiquidity. Any impossibility in obtaining a firm quote for any one or more FX Rates or the Settlement Currency for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (f) Change in Law. A change in law in the country of the principal financial centre of a Basket Constituent Currency which may affect the ownership in and/or the transferability of that Basket Constituent Currency; or
- (g) 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 a Basket Constituent Currency; or
- (h) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of a Basket Constituent Currency; or
- (i) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

For this purpose a “**Governmental Authority**” is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of the Settlement Currency.

- (c) Market Disruption in relation to a Certificate and a Share. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(c), a “**Market Disruption Event**” means:

- (1) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (A) in the Shares or Certificates, as applicable, on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares or Certificates, as applicable, on any Related Exchange if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (2) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (d) Market Disruption in relation to an Index. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(d), a “**Market Disruption Event**” means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (1) 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
- (2) 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.

(e) Potential Adjustment Events. Following a declaration by the issuer of the Certificates of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Certificates and, if so, will:

- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Certificates traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

In this Product Condition 4(e), “**Potential Adjustment Event**” means any event that may have a diluting or concentrative effect on the theoretical value of the Certificates.

(f) Potential Adjustment Events in relation to a Share. Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

- (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (2) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

In this Product Condition 4(f), “**Potential Adjustment Event**” means any of the following: (A) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (B) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share

Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (C) an extraordinary dividend; (D) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (E) a call by the Share Company in respect of relevant Shares that are not fully paid; (F) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (G) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

- (g) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company, the Issuer in its sole and absolute discretion may take the action described in (1), (2) or (3) below:
- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange; or
  - (2) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
  - (3) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares traded on any Related Exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the

date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options contracts or futures contracts or other derivatives contracts were so traded.

Upon the occurrence of a De-listing, Merger Event, Nationalisation or Insolvency, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the occurrence of such De-listing, Merger Event, Nationalisation or Insolvency (as the case may be) and the action proposed to be taken in relation thereto.

**“De-listing”**, in this Product Condition 4(g) only, means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchange on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”**, in this Product Condition 4(g) only, means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the relevant Valuation Date.

**“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company (1) all the Shares are

required to be transferred to a receiver, trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (h) Potential Adjustment Events in relation to an 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 (1), (2), (3) or (4) below.
- (1) If any Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “Successor Sponsor”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant 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.
  - (2) If (A) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating any Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level for the relevant Index on the Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
  - (3) 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 relevant 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 relevant Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the Index 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 Index Shares equally or proportionately with such payments to holders of Index 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 Index Shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Index Shares at a time when the relevant issuer has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Index Shares at a time when the relevant issuer has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Index Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Index Shares equal to or greater than 8 per cent. per annum of the then current market value of the Index Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

- (4) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(i) Adjustments to the Basket

If a De-Listing occurs with respect to a Fund, Certificate or a Share, as applicable or a Fund, Certificate or Share, as applicable is for any reason cancelled or ceases to exist, the Calculation Agent may determine in its sole discretion to either (A) replace the de-listed or cancelled Fund, Certificate or Share, as applicable by a successor fund, certificate or share, as applicable which has in the determination of the Calculation Agent the same or substantially similar structure and a substantially similar economic impact, and is linked to the same asset as such Fund, Certificate or Share, as applicable (B) remove the de-listed or cancelled Fund, Certificate or Share, as applicable and allocate the Fund Final Reference, Certificate Final Reference Price or Share Final Reference Price, as applicable of such

Fund, Certificate or Share, as applicable as of the effective date of the de-listing or cancellation, pro rata to the remaining Funds, Certificates or Shares, as applicable or (C) make such other adjustments to the Conditions as the Calculation Agent sees fit, acting in its absolute discretion.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made pursuant to the foregoing paragraph.

**“De-listing”** means, for the purpose of the foregoing paragraph, a Basket Constituent for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Basket Constituents are listed (and such cessation or suspension is continuing and such Basket Constituent is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

- (j) Fund Events. Each of the following events constitutes a “Fund Event”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

(i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund’s portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund

and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or

the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause 4(j)(i)(E)(c)(I) above and in the case of this clause 4(j)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 4(j)(i)(E)(a) through 4(j)(i)(E)(f) above.

(F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.

(G) Any Merger Event occurs or is threatened.

- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
  - (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
  - (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.
  - (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
  - (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the

NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.

- (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
- (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or

required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund;  
or

(iv) Trading and Fees:

- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management

fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).

- (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
- (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
- (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:
  - (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
  - (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.
- (v) Fund Adviser and Fund Service Provider Failures:
  - (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
  - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.
  - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of



appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.

(D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.

(vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(k) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a **"Permitted Action"**):

(i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or

(ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or

(iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or

(iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect

a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this clause 4(k)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(j), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(l) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or

estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.

- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.
- (m) 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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger

the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO FUND LINKED NOTES**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

**“Additional Fund Events”** means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Agent”** means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the **“Agents”** shall include any other Agent appointed pursuant to the provisions of General Condition 12;

**“Basket”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Business Day”** means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

**“Cash Amount”** means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Clearing Agent”** means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a **“Clearing Agent”** and together the **“Clearing Agents”**);

**“Coupon”** means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means each exchange or quotation system specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to that exchange or quotation system;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of each Fund as quoted by the fund manager of the Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case for each Valuation Date or the Issuer Call Date, as the case may be, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of the Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case for such date having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Fund”** means each fund specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Fund Administrator”** means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

**“Fund Adviser”** means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

**“Fund Documents”** means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset specifying the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

**“Fund Event”** means each event specified as such in Product Condition 4 and any Additional Fund Event specified in the definition of the relevant Series in the applicable Final Terms;

**“Fund Prospectus”** means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever

described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

**“Fund Service Provider”** means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Hedging Agreement”** means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

**“Inclusion Date”** means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

**“Initial Reference Price”** means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;



**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date specified as such in the notice delivered by the Issuer in accordance with Product Condition 3 or, if any such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) An Emerging Market Disruption Event has occurred on any such day, in which case the applicable Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Emerging Market Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is an Emerging Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Emerging Market Disruption Event) would have been the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Emerging Market Disruption Event); and (ii) the Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day, in which case the provisions of Product Condition 4(c) shall apply and the Issuer Call Date shall be adjusted accordingly;

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Merger Event”** means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

**“NAV”** means net asset value;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Portfolio Guidelines”** means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so required;

**“Reference Asset”** means the relevant interests specified as such in the definition of the relevant Series in the Applicable Final Terms, subject to Product Condition 4 or, where the Reference Asset is not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund, subject to Product Condition 4;

**“Related Exchange”** means, with respect to a Fund which is an exchange traded fund, an options or future exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the relevant Fund are traded;

**“Reference Banks”** means the entities, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Relevant Party”** means each of the Fund and the Fund Adviser;

**“Replacement Fund”** means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with clause 4(c)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf.

**“Screen Page”** means each page, if any, specified as such in the definition of Underlying Rate for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

**“Securities”** means each Series of the fund notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

**“Series”** mean 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, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date;

**“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;

**“Substitution Date”** means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

**“Trading Day”** means (i) in respect of a Fund, any day on which dealing in the Fund can take place (or, but for the occurrence of a Fund Event, would have taken place) and (ii) in respect of a Fund that is an exchange traded fund any day that is (or, but for the occurrence of a Fund Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Underlying Rate”** means each rate, if any, specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the underlying rate shall be calculated in accordance with Product Condition 4;

**“Underlying Rate Valuation Date”** means the date or dates 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 day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) An Emerging Market Disruption Event has occurred on any such day, in which case the applicable Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Emerging Market Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is an Emerging Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Emerging Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Emerging Market Disruption Event); and (ii) the Issuer or the Calculation Agent on its behalf shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(c) shall apply and the Valuation Date shall be adjusted accordingly;

**“Valuation Time”** means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select and notify to Holders in accordance with General Condition 4; and

**“Weight”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Fund, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 depository 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term **“Holder”** shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the **“Rules”**). Accordingly, in these Conditions, the term **“Holder”** means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the **“Dematerialised Securities”**) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the **“Intermediated Securities”**) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the **“FISA”**).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the **“Custodian”**), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as

Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Fund 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (g) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) **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.
- (i) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

4 ADJUSTMENTS

- (a) Market Disruption. The Issuer or the Calculation Agent on its behalf 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 this Product Condition 4(a), a “**Market Disruption Event**” means the situation in which an Underlying Rate is not available on the relevant Screen Page, in which case the relevant rate shall be determined by the Calculation Agent on the basis of quotations for the relevant rate, or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify, provided by the Reference Banks at the applicable time for the relevant day. The Issuer will request each Reference Bank to provide a quotation of the relevant rate. If at least three quotations are provided, the relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the relevant Underlying Rate at its sole and absolute discretion.

- (b) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

- (i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund’s portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d)



any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative

or regulatory authorities revoked, suspended, terminated, limited or qualified.

- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause 4(b)(i)(E)(c)(I) above and in the case of this clause 4(b)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 4(b)(i)(E)(a) through 4(b)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.
- (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
- (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.
  - (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
  - (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
  - (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
  - (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund,

any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no

longer calculated in the same currency as at the Inclusion Date of the Fund;  
or

(iv) Trading and Fees:

- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
- (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
- (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
- (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:
  - (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
  - (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.

(v) Fund Adviser and Fund Service Provider Failures:

- (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.

- (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.
- (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
- (D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.
- (vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(c) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a **"Permitted Action"**):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or

- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this clause 4(c)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(b), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(d) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date,



the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.

- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (e) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.
- (f) 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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO BASKET RELATED CAPITAL PROTECTED NOTES**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Bond Index Component Performance**” means (if applicable) the performance of the Bond Index Components determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of the relevant Series in the applicable Final Terms, less Expenses.

The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent(s) and clearing system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Commodity**” means each commodity (if any) specified as such in the definition of Commodity Component specified in the definition of Basket, subject to Product Condition 4;

“**Commodity Component Performance**” means (if applicable) the performance of the Commodity Components determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Commodity Reference Price”** means in relation to each Commodity and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the price of the Commodity on the Exchange at the Valuation Time on a Valuation Date, the Interim Amount Cash Settlement Date or the Issuer Call Date, as applicable, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the Commodity Reference Price on such date having regard to the then prevailing market conditions, the last reported price of the Commodity and such other factors as the Calculation Agent determines to be relevant, subject to adjustment in accordance with Product Condition 4;

**“Coupon”** means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means, in relation to each Commodity (if applicable), the exchange or quotation system specified as such in the definition of Basket or any successor to such exchange or quotation system and, in relation to each Index (if applicable), the 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;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Index”** means each index (if any) specified as such in the definition of Index Component, Real Estate Index Component and Bond Index Component, in each case if applicable, specified in the definition of Basket, subject to Product Condition 4;

**“Index Component Performance”** means (if applicable) the performance of the Index Components determined in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Index Reference Price”** means, in relation to each Index and unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Valuation

Date, Interim Amount Cash Settlement Date or Issuer Call Date, as applicable, as determined by 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) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Initial Commodity Reference Price”** means, in relation to each Commodity and unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount equal to the price of the Commodity on the Exchange at the Valuation Time on the Pricing Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of such Commodity on such date having regard to the then prevailing market conditions, the last reported price of the Commodity and such other factors as the Calculation Agent determines to be relevant;

**“Initial Index Reference Price”** means, in relation to each Index and unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) a level determined by the Calculation Agent as its good faith estimate of the official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate (if any) specified as such, or

determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Interim Cash Settlement Amount”** means, if “Interim Cash Settlement Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent on the Interim Cash Settlement Valuation Date in accordance with the formula set out in the applicable Final Terms, less Expenses;

The Interim Cash Settlement Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Interim Cash Settlement Amount Payment Date”** means, if “Interim Cash Settlement Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, three Business Days following the Interim Cash Settlement Amount Valuation Date;

**“Interim Cash Settlement Amount Valuation Date”** means, if “Interim Cash Settlement Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms, or if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Interim Cash Settlement Amount Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been an Interim Cash Settlement Amount Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Interim Cash Settlement Amount Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Index Reference Price (if applicable) or the Commodity Reference Price (if applicable) as the case may be, having regard to the then prevailing market conditions, the last reported trading price of the Commodity (if applicable) and the Shares (if applicable) on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Issue Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified as such in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date specified as such in the definition of the relevant Series 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;

**“Real Estate Index Component Performance”** means (if applicable) the performance of the Real Estate Index Components determined in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Related Exchange”** means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity (if applicable) or on the Index (if applicable) are traded;



**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Securities”** means each Series of basket related capital protected notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series;

**“Series”** means the series of Securities set out in the applicable Final Terms;

**“Settlement Currency”** means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Settlement Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Standard Currency”** means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

**“Trading Day”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, in relation to each Index (if applicable), any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules and, in relation to each Commodity (if applicable), any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Valuation Date”** means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or if such day is not a Trading Day the next succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case

the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (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 ) and (b) the Calculation Agent shall determine the Index Reference Price (if applicable) or the Commodity Reference Price (if applicable) as the case may be, having regard to the then prevailing market conditions, the last reported trading price of the Commodity (if applicable) or the Shares (if applicable) on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Valuation Time”** means:

- (a) unless specified otherwise in the definition of the relevant Series in the applicable Final Terms:
  - (i) with respect to Oil (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the close settlement price per barrel of West Texas Intermediate light sweet crude oil on the NYMEX of the first WTI light sweet crude oil futures contract and in the case of each Commodity, such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and
  - (ii) with respect to Natural Gas (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the close settlement price per one million British thermal units (MMBTU) of Natural Gas on the NYMEX of the first Henry Hub Natural Gas Futures Contract and in the case of each Commodity, such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and
  - (iii) with respect to Aluminium (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), and Copper (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the close of the second ring session on the Exchange and in the case of each Commodity, such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and
  - (iv) with respect to each Index (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the time with reference to which the Index Sponsor calculates the closing level of the relevant Index or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4; and
- (b) with respect to any other component to the Basket, the time specified as such in the applicable Final Terms; and

**“Weight”** means for each Commodity (if applicable) and each Index (if applicable) the percentage specified as such in the definition of Basket, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 Nominal Amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount 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 Nominal Amount of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised

Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem the 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.
- (c) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction and is payable on each Interest Payment Date or the Issuer Call Date, as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (f) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Interest Amount, Issuer Call Cash Amount or any Interim Cash Settlement Amount.
- (g) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (h) **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.
- (i) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

A “**Market Disruption Event**” relating to a Commodity (if applicable) means:

- (i) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (ii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iii) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or
- (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 the Commodity; or
- (v) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
- (vi) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange; or
- (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, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Final Valuation Date as the case may be and/or on each of the three Trading Days following the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Final 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 the Commodity with respect to it or any contract with respect thereto 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 or Related Exchange is located; 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.

A “**Market Disruption Event**” relating to an Index (if applicable) means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise);
  - (ii) 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
  - (iii) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.
- (b) Adjustments to the Commodity (if applicable) and the Index (if applicable)
- (1) If a Commodity (an “**Affected Commodity**”) for any reason ceases to exist, the Calculation Agent may determine in its sole discretion to either (A) replace that Affected Commodity by a successor commodity which has in the determination of the Calculation Agent the same or substantially similar structure and a substantially similar economic impact as such Affected Commodity and is of a similar type to such Affected Commodity or (B) remove the Affected Commodity from the Basket and allocate the price of such Affected Commodity, pro rata to the remaining Commodities in the Basket.

- (2) Adjustments to the 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 any Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “Successor Sponsor”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, then (in either case) the relevant 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 Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or 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 any Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Issuer Call Date as the case may be the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the level of the Index using, in lieu of a published level for the relevant Index on the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Issuer Call Date as the case may be, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
  - (iii) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the relevant 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 relevant Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of (i) the 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 by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Issue Date up to and excluding the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Issuer Call Date as the case may be; (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; and (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 either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

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 determination and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO COMMODITY NOTES**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the “**Agents**” shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Commodity**” means each commodity specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Commodity Performance**” means, unless specified otherwise 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:

$$(\text{Final Reference Price} / \text{Initial Reference Price}) - 1 \times (\text{IER/FER});$$

“**Coupon**” means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

**“Emerging Market Disruption Event”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) **Illiquidity.** It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) **Change in Law.** A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) **Imposition of Tax/Levy.** The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) **Unavailability of Settlement Currency.** The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the

Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means, with respect to each Commodity, the exchange specified as such in the definition of “Basket” or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange;

**“Exchange Rate”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the mid price of the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Exchange Rate” (“FER”)** means the Exchange Rate on the Valuation Date;

**“Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Commodity on the Exchange at the Valuation Time on the Valuation Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Form”** means Global;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Initial Exchange Rate” (“IER”)** means the Exchange Rate on the Pricing Date;

**“Initial Reference Price”** means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Commodity on the Exchange at the Valuation Time on the Pricing Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has

occurred and is continuing on such date) a price determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines relevant;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Issuer Call”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

**“Issuer Call Cash Amount”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**“Issuer Call Commencement Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Issuer Call Date”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the 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 an Issuer Call Date. In that case (i) 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 (ii) the Calculation Agent shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Commodity on the Exchange and such other factors as the Calculation Agent determines to be relevant or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

**“Issuer Call Notice Period”** means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Participation”** means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so 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 Commodity are traded;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Business Days”** means the number of Business Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Securities”** means each Series of the notes relating to each Commodity specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

**“Series”** mean 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 Maturity Date or if later, the Relevant Number of Business Days following the Valuation Date;

**“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;

**“Trading Day”** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Underlying Currency”** means each currency specified as such in the definition of the relevant Series in the applicable Final Terms;



**“Valuation Date”** means the date or dates specified in the definition of the relevant Series in the applicable Final Terms or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity on the Exchange and such other factors as the Calculation Agent determines to be relevant;

**“Valuation Time”** means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

**“Weight”** means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Commodity, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) Global Form. Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term **“Holder”** shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and

regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the

Issuer Call Notice Period notice of its intention to redeem the 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.

- (c) Interest Amount. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (e) Interest Accrual. If "Interest" is specified as being "Applicable" in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (f) 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 either (a) if "Modified Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if "Following" is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (g) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount, any Issuer Call Cash Amount or any Interest Amount.
- (h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (i) 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.

- (j) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

A “**Market Disruption Event**” means:

- (i) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Commodity (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (ii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iii) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or
- (iv) Material Change in nature of or pricing method. 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 the Commodity; or
- (v) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or
- (vi) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or, a material reduction in, trading in the Commodity on the Exchange; or
- (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, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority

after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

- (viii) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect thereto on any exchange or principal trading market; or
- (ix) 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) 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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

#### 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO INDEX AND INFLATION INDEX NOTES**

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The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and, together, the “**Agents**” shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Basket**” means, unless Basket is specified as Not Applicable in the applicable Final Terms, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Coupon**” means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or

- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

**“Exchange”** means, in respect of each Index, the 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 relevant Index or any successor to such exchange or quotation system;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

**“Final Terms”** means the document containing the specific terms relating to the Securities;

**“Governmental Authority”** is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

**“Index”** means each index specified as such in the definition of the Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4, and **“Indices”** shall be construed accordingly;

**“Index Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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 official closing level of the Index, on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares, and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Index Initial Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the official closing level of the Index, on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares, and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

**“Index Sponsor”** means the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index or Inflation Index, as applicable and (ii) announces (directly or through an agent) the level of the relevant Index or Inflation Index, as applicable on a regular basis and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;



**“Inflation Index”** means each inflation index specified as such in the definition of the Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4 and **“Inflation Indices”** shall be construed accordingly;

**“Inflation Index Final Reference Price”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Inflation Index for the Valuation Month, published by the Index Sponsor, as determined by the Calculation Agent without regard to any subsequently published correction. Any revision or amendment to the level of the Inflation Index after the initial publication thereof shall be disregarded for the purposes of determining the relevant level unless the Inflation Index is re-based as a result of such revision or amendment, in which case the level of the Inflation Index shall be subject to such amendments as the Calculation Agent, acting in its sole and absolute discretion, considers appropriate to preserve the economic features of the Securities. If, in the determination of the Calculation Agent, no such level can be determined (and no Market Disruption Event has occurred and is continuing), the level of the Inflation Index shall be a level determined by the Calculation Agent as its good faith estimate of the level of the Inflation Index for the relevant Valuation Month having regard to the last published level of the Inflation Index and such other factors as the Calculation Agent determines relevant;

**“Interest Amount”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \text{Interest Rate} \times \text{Interest Rate Day Count Fraction};$$

**“Interest Payment Dates”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Interest Period”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

**“Interest Rate”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

**“Interest Rate Day Count Fraction”** means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

**“Issue Date”** means the date specified as such in the applicable Final Terms;

**“Issuer”** means The Royal Bank of Scotland N.V. incorporated in The Netherlands with its statutory seat in Amsterdam acting through its principal office or its branch in London or such further or other branches as may be specified in the applicable Final Terms;

**“Market Disruption Event”** means each event specified as such in Product Condition 4, any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

**“Maturity Date”** means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Nominal Amount”** means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System is open;

**“Pricing Date”** means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

**“Related Exchange”** means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

**“Relevant Currency”** means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

**“Relevant Currency Exchange Rate”** means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Relevant Number of Months”** means the number of months specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Relevant Number of Trading Days”** means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

**“Securities”** means each Series of the index and inflation index notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean 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 Maturity Date or such other date as specified 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;

“**Trading Day**” means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

“**Underlying Currency**” means the currency 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 day is not a Trading Day, the next following Trading Day, unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Index Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares, and such other factors as the Calculation Agent determines to be relevant;

“**Valuation Month**” means each month specified as such in the definition of the relevant Series in the applicable Final Terms unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred with respect to any month in which case that Valuation Month shall be the first succeeding calendar month for which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Months immediately following the original month which (but for the Market Disruption Event) would have been the Valuation Month. In that case (a) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine the level of the Inflation Index having regard to the then prevailing market conditions, the last published level of the Inflation Index and such other factors as the Calculation Agent determines to be relevant; and

**“Valuation Time”** means, in respect of an Index, the time with reference to which the Index Sponsor calculates the closing level of the relevant Index or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

- (a) **Global Form.** Except in the case of Securities issued in the form 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 nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 nominal amount of the Securities (and the term **“Holder”** shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the **“Rules”**). Accordingly, in these Conditions, the term **“Holder”** means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.
- (c) **SIX SIS Ltd as Clearing Agent.** If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the **“Dematerialised Securities”**) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the **“Intermediated Securities”**) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the **“FISA”**).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the **“Custodian”**), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as

Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

### 3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer at the Cash Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall bear interest at the Interest Rate. The Interest Amount is calculated by reference to the relevant Interest Period, the Interest Rate, the Nominal Amount and the Interest Rate Day Count Fraction, and is payable on each Interest Payment Date.
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date in the event that payment of any amount is postponed due to a Market Disruption Event.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount or any Interest Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (g) 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.
- (h) Presentation and Surrender. The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

**“Market Disruption Event”**, in relation to an Index, means the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (A) 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.

**“Market Disruption Event”**, in relation to an Inflation Index, means the Index Sponsor fails to calculate and announce the level of the Inflation Index.

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1), (2), (3) or (4) below.
  - (i) If a relevant 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, the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or (B) on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish a relevant Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level(s) for the Index on the Valuation Date the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange or

any other exchange on which the Shares are listed) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.

(iii) If, at any time, any of the events specified in (A) to (H) below occurs and the Index Sponsor or, if applicable, the Successor Sponsor has not in the opinion of the Calculation Agent made an appropriate adjustment to the level of the relevant Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order to so account: (A) a distribution or dividend to existing holders of the Shares of (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 by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but 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 dilutive or concentrative effect on the theoretical value of the Shares.

(c) Adjustments to the Inflation 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 (1), (2) or (3) below.

(1) If the Inflation Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but in a way acceptable to the Calculation Agent; or (B) replaced by a successor inflation index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Inflation Index, then (in either case) the relevant Inflation Index will be deemed to be the



Inflation Index so calculated and announced by that successor index, as the case may be.

- (2) If (A) on or prior to any calculation of the level of the Inflation Index there is a material change in the formula for or the method of calculating the Inflation Index or the Index Sponsor, in any other way, materially modifies the Inflation Index (other than a modification prescribed in that formula or method to maintain the Inflation Index in the event of changes in constituent securities and other routine events) then the Calculation Agent shall (a) determine the Inflation Index level using, in lieu of a published level for the Inflation Index, the level for the Inflation Index as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner or, (b) shall deem such modified Inflation Index to be the Inflation Index so calculated and announced or (c) shall terminate the Securities by giving notice in accordance with General Condition 4.
- (d)
  - (1) The Issuer reserves the right to issue further Securities, make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent either to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the relevant exchange.
  - (2) 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 determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

## 5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

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**FORM OF FINAL TERMS**

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Dated [ ]

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**The Royal Bank of Scotland N.V.**  
*(incorporated in The Netherlands with its statutory seat in Amsterdam)*

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[NUMBER] [UNDERLYING] [TYPE OF PRODUCT] [NOTES]

[INDICATIVE] ISSUE PRICE: [ ][ ]

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND THE SECURITIES MAY NOT BE EXERCISED, OFFERED, SOLD, TRANSFERRED OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURITIES.

## FINAL TERMS

**Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions and the Product Conditions applicable to each Series of Securities described herein (the “relevant Product Conditions”) as set forth in the Base Prospectus relating to Notes dated 1 July 2010 (the “Base Prospectus”), as supplemented from time to time, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of each Series of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and each Series of the Securities described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus as so supplemented is available for viewing at the office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and copies may be obtained from the Issuer at that address.**

**These Final Terms must be read in conjunction with, and are subject to, the General Conditions and the relevant Product Conditions contained in the Base Prospectus as so supplemented. These Final Terms, the relevant Product Conditions and the General Conditions together constitute the Conditions of each Series of the Securities described herein and will be attached to any Global Security representing each such Series of the Securities. In the event of any inconsistency between these Final Terms and the General Conditions or the relevant Product Conditions, these Final Terms will govern.**

**The Netherlands Authority for the Financial Markets has provided the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.**

**So far as the Issuer is aware, no person (other than the Issuer in its separate capacities as Issuer and Calculation Agent, see “Risk Factors - Actions taken by the Calculation Agent may affect the Underlying” and “Risk Factors – Actions taken by the Issuer may affect the value of the Securities” in the Base Prospectus) involved in the issue of the Notes has an interest material to the offer. [NB: Amend as appropriate if there are interests]**

Issuer:	The Royal Bank of Scotland N.V., acting through [its principal office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands][its London branch at 250 Bishopsgate, London EC2M 4AA][other]
Clearing Agents:	[Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Netherlands)] [Euroclear Bank S.A./N.V. as operator of the Euroclear system] [Clearstream Banking, société anonyme] [SIX SIS Ltd] [specify other, including address]
Subscription Period:	[ ] [Not Applicable]
Pricing Date(s):	[ ]

Launch Date: [ ] [Not Applicable]

As, if and when issued trading: [ ] [Not Applicable]

Issue Date: [ ]

Listing: [ ]

Listing Date: [ ]

Admission to trading: [Application has been made for the Securities to be admitted to trading on [ ] with effect from [ ].] [No application for admission to trading has been made]

Announcements to Holders: Delivered to Clearing Agents

Principal Agent: [The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA]

Agent(s): [ABN AMRO Bank N.V. MF 2020 Kemelstede 2, P.O. Box 3200, 4800 DE Breda, The Netherlands] [Citibank International Plc, Netherlands Branch, Global Transaction Services, Hoge Mosten 2, 4822 NH Breda, The Netherlands]

Calculation Agent: The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA, United Kingdom

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities

Form of the Securities: [Global Security]  
 [Dematerialised form]  
 [Global Security transformed into Intermediated Securities] (*Only applicable to Securities where the Clearing Agent is SIX SIS Ltd*)  
 Dematerialised Securities transformed into Intermediated Securities] (*Only applicable to Securities where the Clearing Agent is SIX SIS Ltd*)

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## RANGE ACCRUAL NOTES

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Series:	Range Accrual Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent] [specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Indicative Target Rate:	[ ]
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[In respect of the [specify] Interest Period[s], [ ] per cent. per annum] [Not Applicable] [In respect of the [specify] Interest Period[s], the rate determined in accordance with the following formula: Target Rate x (N/M) Where: “N” means the actual number of days in the relevant Interest Period on which [the daily fixing of the Reference Spread is equal to or above [ ]] [specify other]; and “M” means the actual number of days in the relevant Interest Period.] [Not Applicable] [specify other]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366] [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than

the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[Not Applicable] [*specify other*]

Issuer Call:

[Applicable] [Not Applicable]

Issuer Call Cash Amount:

[Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date:

[ ] [Not Applicable]

Issuer Call Date:

[*specify*] [See Issuer notice of call]

Issuer Call Notice Period:

[ ] [Not Applicable]

Maturity Date:

[ ]

Rate 1:

[ ]

Rate 2:

[ ] [Not Applicable]

Reference Banks:

[The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for Rate 1, Rate 2, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [*specify other*]

Reference Spread Screen Page:

[ ] [Not Applicable]

Relevant Currency:

[The definition in Product Condition 1 applies] [*specify other*]

Settlement Currency:

[ ]

Standard Currency:

[The definition in Product Condition 1 applies] [*specify other*]

Valuation Time:

[11.00 hours Central European Time] [*specify other*]

ISIN:

[ ]

Common Code:

[ ]

Other Securities Code:

[ ]

Indication of yield:

[ ]

Amendments to General Conditions or Product Conditions:

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of

disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

*Range Accrual Notes due [ ]*

*Series [ ]*

*[repeat as above for each new Series]*

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## LADDER NOTES

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Series:	Ladder Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent] [specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[In respect of the [specify] Interest Period[s], [ ] per cent. per annum] [Not Applicable] [In respect of the [specify] Interest Period[s], the rate determined as follows: [Specify applicable formulae, including any applicable definition of Reference Rate and Reference Rate Screen Page]] [Not Applicable] [specify other]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366] [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))] [Not Applicable] [specify other]



Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Commencement Date:	[ ] [Not Applicable]
Issuer Call Date:	[specify] [See Issuer notice of call]
Issuer Call Notice Period:	[ ] [Not Applicable]
Maturity Date:	[ ]
Reference Banks:	[The principal London office of five leading banks in the London interbank market which ordinarily provide quotations for the Reference Rate or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [specify other]
Relevant Currency:	[The definition in Product Condition 1 applies] [specify other]
Screen Page:	[ ]
Settlement Currency:	[ ]
Standard Currency:	[The definition in Product Condition 1 applies] [specify other]
Target Fixed Rate:	[ ]
Valuation Date:	[Five Business Days prior to the relevant Interest Payment Date] [or, in the case of an Issuer Call, the date specified as such in the notice delivered in accordance with Product Condition 3 or, if such day is not a Trading Day, the first succeeding Trading Day] [specify other]
Valuation Time:	[11.00 hours Central European Time] [specify other]
ISIN:	[ ]
Common Code:	[ ]
Other Securities Code:	[ ]
Indication of yield:	[ ]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees

applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

Ladder Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## TARGET COUPON NOTES

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Series:	[Share] [Share Basket] Target Coupon Notes due [ ] Series [ ]			
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]			
Issue Price:	[ ]			
Additional Market Disruption Events:	[None] [specify]			
Averaging Dates:	[Applicable][Not Applicable]			
Basket:	[Applicable][Not Applicable]			
<b>Share</b>	<b>Share Company</b>	<b>Exchange</b>	<b>Bloomberg Code</b>	<b>Initial Reference Spot</b>
[Type/ISIN]	[specify]	[specify]	[specify]	[specify]
Bonus Coupon Amount:	[specify][Not Applicable]			
Business Day:	[The definition in Product Condition 1 applies] [specify other]			
Business Day Convention:	[Modified Following][Following]			
Cash Amount:	[Nominal Amount] [specify other]			
Coupon Amount:	[specify]			
Coupon Amount Payment Dates:	[specify]			
Cumulative Coupon Amount:	$\left[ \left( \sum_{k=1}^n C_k \right) \right]$ on the $n^{\text{th}}$ Coupon Amount Payment Date where “n” means 1 – [specify] [specify other]			
Cut-Off Date:	[In respect of any Valuation Date, the sixth Scheduled Trading Day following such Valuation Date][Five Business Days prior to the Maturity Date][specify other]			
Early Termination Date:	[The date on which an Early Termination Event occurs][specify other]			
Early Termination Event:	[When the Cumulative Coupon Amount on any Coupon Amount Payment Date (from and including the [specify] Coupon Amount Payment Date to and including the [specify] Coupon Amount Payment Date) [and excluding the Residual Coupon Amount (if applicable)] is equal to or exceeds the Target Coupon Level][specify other]			
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]			
Exchange:	[ ] [see Basket]			

First Initial Fixing Date: [specify date][Not Applicable]

Fixing Cut-Off Date: [The sixth Scheduled Trading Day following the First Initial Fixing Date][specify other][Not Applicable]

Initial Reference Spot: [The arithmetic average of the prices of the Share at the Valuation Time on the Initial Fixing Dates][see Basket][specify other]

Interest Entitlement: [(i) the relevant Coupon Amount on each of the relevant Coupon Amount Payment Dates [and (ii) the Residual Coupon Amount multiplied by the Nominal Amount on the Maturity Date, if the sum of all Coupon Amounts payable is less than the Target Coupon Level][and (iii) the Bonus Coupon Amount on the Bonus Coupon Amount Payment Date (as defined below) if the Cumulative Coupon Amount [(which for the avoidance of doubt shall not include the Residual Coupon Amount)] in respect of any Coupon Amount Payment Date from and including the [specify] Coupon Amount Payment Date to and including the [specify] Coupon Amount Payment Date (such [specify] Coupon Amount Payment Date being the “**Bonus Coupon Amount Payment Date**”) is equal to or exceeds the Target Coupon Level. For the avoidance of doubt no Bonus Coupon Amount shall be paid if a Residual Coupon Amount is paid.]]][specify other]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [specify] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Reference Spot: Regarding the relevant Share in respect of any Valuation Date, [an amount equal to the price of such Share quoted on the Exchange at the Valuation Time on such Valuation Date, as determined by or on behalf of the Calculation Agent, or (if, in the determination of the Calculation Agent, no such price can be determined and such day is not a Disrupted Day) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share (which may be zero) on such date having regard to the then prevailing market conditions, the last reported price of such Share on the Exchange and such other factors as the Calculation Agent determines relevant][the arithmetic average of the prices of the relevant Share at the Valuation Time on the Averaging Dates in respect of such Valuation Date][specify other]

Relevant Currency: [The definition in Product Condition 1 applies] [specify other]

Relevant Number of Scheduled Trading Days: Averaging Dates: [5, or in respect of an Emerging Market Disruption Event only, 180]

Residual Coupon Amount:	[specify][Not Applicable]
Settlement Currency:	[ ]
Settlement Date:	[(i) the Maturity Date or if later, the tenth Business Day following the last occurring Valuation Date or (ii) if an Early Termination Event has occurred, the Early Termination Date][specify other]
Share:	[ ][see Basket]
S <sub>i</sub> Dates:	[Initial Fixing Dates][Averaging Dates][immediately preceding Valuation Date][a Valuation Date][specify other]
Share Company:	[ ][see Basket]
Standard Currency:	[The definition in Product Condition 1 applies] [specify other]
Target Coupon Level:	[specify]
Valuation Date:	[specify], [specify] and [specify]
ISIN:	[ ]
Common Code:	[ ]
Other Securities Code:	[ ]
Indication of yield:	Not Applicable
Amendments to General Conditions or Product Conditions:	<p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
Sales Restriction:	The Securities have not been and will not be registered

under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Bloomberg page where information about the past and future performance of the Underlying and its volatility can be obtained: [ ]

Series: [Share] [Share Basket] Target Coupon Notes due [ ]  
Series [ ]

*[repeat as above for each new Series]*

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## RATE NOTES

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Series:	[Rate] Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent][specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[In respect of the [specify] Interest Period[s], [ ] per cent. per annum] [In respect of the [specify] Interest Period[s], the rate determined in accordance with the following formula: [specify]] [Not Applicable] [specify other]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366] [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))] [Not Applicable] [specify other]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [*specify*] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Reference Banks: [The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Underlying Rate, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [*specify other*]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Settlement Currency: [ ]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Underlying Rate(s): [*first rate*]  
Screen Page: [*specify*]  
Relevant Number of Days: [*specify*]  
[*repeat as appropriate for other rates*]

Valuation Time: [11.00 hours Central European Time] [*specify other*]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the



Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

[Rate] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## ZERO COUPON NOTES

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Series:	[Zero] Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent][specify other]
Maturity Date:	[ ]
Settlement Currency:	[ ]
ISIN:	[ ]
Common Code:	[ ]
Other Securities Code:	[ ]
Indication of yield:	[ ]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]  <i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under</i>

*Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

[*Rate*] Notes due [ ] Series [ ]

[*repeat as above for each new Series*]

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## CURRENCY EXCHANGE NOTES

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Series:	[Currency] Exchange Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent][specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Exchange Rate(s):	[first rate] Screen Page: [specify] Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]  [repeat as appropriate for other rates]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[ [ ] [and [ ] ] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]][Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[In respect of the [specify] Interest Period[s], [ ] per cent. per annum]  [In respect of the [specify] Interest Period[s], the rate determined in accordance with the following formula: [specify] [specify other] [Not Applicable]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]  [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be

shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*specify other*] [Not Applicable]

Issuer Call:

[Applicable] [Not Applicable]

Issuer Call Cash Amount:

[Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date:

[ ] [Not Applicable]

Issuer Call Date:

[*specify*] [See Issuer notice of call]

Issuer Call Notice Period:

[ ] [Not Applicable]

Maturity Date:

[ ]

Relevant Currency:

[The definition in Product Condition 1 applies] [*specify other*]

Settlement Currency:

[ ]

Standard Currency:

[The definition in Product Condition 1 applies] [*specify other*]

Underlying Currenc[y/ies]:

[ ]

Valuation Date:

[[ ] Business Days before the Maturity Date] [*specify other*]

Valuation Time:

[11.00 hours Central European Time] [*specify other*]

ISIN:

[ ]

Common Code:

[ ]

Other Securities Code:

[ ]

Indication of yield:

[ ]

Amendments to General Conditions or Product Conditions:

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the

Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

[*Currency*] Exchange Notes due [ ] Series [ ]

[*repeat as above for each new Series*]

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## YIELD DISCOVERY NOTES

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Series: *Yield Discovery Notes due [ ] Series [ ]*

Nominal Amount: [ ] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: [ ]

Additional Market Disruption Events: [None] *[specify]*

Basket:

<b>Share (ISIN)</b>	<b>Share Company</b>	<b>Exchange</b>
<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>

Business Day: [The definition in Product Condition 1 applies] *[specify other]*

Business Day Convention: [Modified Following][Following]

Cash Amount: [Nominal Amount x 100per cent] *[specify other]*

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] *[specify other]*

Initial Reference Price: [The definition in Product Condition 1 applies] *[specify other]*

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] *[specify other]*

Interest Period: [As stated in Product Condition 1][*specify other*][Not Applicable]

Interest Rate: [In respect of the *[specify]* Interest Periods, *[specify any fixed rate]* per cent. per annum]

[In respect of the *[specify]* Interest Periods, *[specify formula for determining any variable rate]*]  
*[specify other]* [Not Applicable]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month

that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*specify other*] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [*specify*] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: [ ]

Settlement Date: [Maturity Date [or, if later, the [ ] Business Day following the final Valuation Date]] [*specify other*]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Valuation Date: [[ ] [and [ ]] in each year up to and including the final Valuation Date on [ ]] [*specify other*]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable



in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

*Yield Discovery Notes due [ ]*

*Series [ ]*

*[repeat as above for each new Series]*

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## CERTIFICATE NOTES

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Series:	<i>[Certificate] Notes due [ ] Series [ ]</i>	
Nominal Amount:	<i>[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>	
Issue Price:	<i>[ ]</i>	
Additional Market Disruption Events:	<i>[None] [specify]</i>	
Basket:		
<b>["Certificate"]</b>	<b>"Exchange"</b>	<b>"Weight"</b>
<i>[specify each Certificate and [ISIN] Code]</i>	<i>[Specify exchange]</i>	<i>[specify]</i>
	<i>[Not Applicable]</i>	
Business Day:	<i>[The definition in Product Condition 1 applies] [specify other]</i>	
Business Day Convention:	<i>[Modified Following][Following]</i>	
Cash Amount:	<i>[Nominal Amount x (100per cent + Participation x Max [0, {Final Reference Price / Initial Reference Price} -1])]</i> <i>[specify other]</i>	
Certificate:	<i>[ ] [See Basket]</i>	
Emerging Market Disruption Events:	<i>[The definition in Product Condition 1 applies] [specify other]</i>	
Exchange:	<i>[ ] [See Basket]</i>	
Final Reference Price:	<i>[The definition in Product Condition 1 applies] [specify other]</i>	
Initial Reference Price:	<i>[The definition in Product Condition 1 applies] [specify other]</i>	
Interest:	<i>[Applicable] [Not Applicable]</i>	
Interest Payment Dates:	<i>[[ ] [and [ ]]</i> in each year up to and including the Maturity Date, with the first Interest Payment Date being <i>[ ] [Not Applicable] [specify other]</i>	
Interest Period:	<i>[As stated in Product Condition 1][specify other][Not Applicable]</i>	
Interest Rate:	<i>[[ ] per cent. per annum] [Not Applicable] [specify other]</i>	

Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]  [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))] [specify other] [Not Applicable]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] [specify other] [Not Applicable]
Issuer Call Commencement Date:	[ ] [Not Applicable]
Issuer Call Date:	[specify] [See Issuer notice of call]
Issuer Call Notice Period:	[ ] [Not Applicable]
Maturity Date:	[ ]
Participation:	[ ]
Relevant Currency:	[The definition in Product Condition 1 applies] [specify other]
Relevant Number of Business Days:	[ ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[ ]
Standard Currency:	[The definition in Product Condition 1 applies] [specify other]
Valuation Date(s):	[ ]
ISIN:	[ ]
Common Code:	[ ]
Other Securities Code:	[ ]
Indication of yield:	[ ] [Not Applicable]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and

exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

## INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Certificate] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## INDEX NOTES

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Series:	<i>[Index] Notes due [ ] Series [ ]</i>
Nominal Amount:	<i>[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	<i>[ ]</i>
Additional Market Disruption Events:	<i>[None] [specify]</i>
Basket:	
<b>["Index"</b>	<b>"Weight"</b>
<i>[specify each Index and Bloomberg Code]</i>	<i>[Specify percentage weight][Not Applicable]</i>
Business Day:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Business Day Convention:	<i>[Modified Following][Following]</i>
Cash Amount:	<p><i>[An amount equal to the larger of:</i></p> <p style="margin-left: 20px;"><i>i) Nominal Amount * Relevant Percentage 1; or</i></p> <p style="margin-left: 20px;"><i>ii) Nominal Amount * Relevant Percentage 1 +</i> <i>Nominal Amount *</i></p> <p style="margin-left: 20px;"><i><math>\min\left[100\% * \frac{\text{Final Reference Price} - \text{Initial Level}}{\text{Initial Level}}; \text{Relevant Percentage 2}\right]</math></i></p> <p><i>where:</i></p> <p style="margin-left: 20px;"><i>Relevant Percentage 1 means [specify]; and</i></p> <p style="margin-left: 20px;"><i>Relevant Percentage 2 means [specify]</i></p> <p style="margin-left: 20px;"><i>[specify other]</i></p>
Emerging Market Disruption Events:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Final Reference Price:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Index:	<i>[ ] [Not Applicable]</i>
Initial Reference Price:	<i>[ ]</i>
Interest:	<i>[Applicable] [Not Applicable]</i>
Interest Payment Dates:	<i>[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [specify other]</i>
Interest Period:	<i>[As stated in Product Condition 1][specify other][Not</i>

	Applicable]
Interest Rate:	[[     ] per cent. per annum] [Not Applicable] [ <i>specify other</i> ]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]  [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]  [ <i>specify other</i> ] [Not Applicable]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] [ <i>specify other</i> ] [Not Applicable]
Issuer Call Commencement Date:	[     ] [Not Applicable]
Issuer Call Date:	[ <i>specify</i> ] [See Issuer notice of call]
Issuer Call Notice Period:	[     ] [Not Applicable]
Maturity Date:	[     ]
Relevant Currency:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[     ]
Standard Currency:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Valuation Date(s):	[     ]
Valuation Time:	[11.00 hours Central European Time] [ <i>specify other</i> ]
ISIN:	[     ]
Common Code:	[     ]
Other Securities Code:	[     ]
Indication of yield:	[     ] [Not Applicable]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer

protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Index] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## INFLATION INDEX NOTES

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Series:	<i>[Inflation Index] Notes due [ ] Series [ ]</i>
Nominal Amount:	[ ] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent] <i>[specify other]</i>
Fixed Spread:	[[ ]per cent indicative to be determined on Issue Date] <i>[specify other]</i>
Inflation Index:	<i>[[Inflation Index] published on a [monthly] [other] basis by the [ ], as displayed on Bloomberg ‘[ ] &lt;Index&gt;’ (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the Inflation Index)] [specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[ ] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] <i>[specify other]</i>
Interest Period:	[As stated in Product Condition 1] <i>[specify other]</i> [Not Applicable]
Interest Rate:	[Nominal Amount x Fixed Spread + the greater of: i. zero; or ii. $CPI_{N-3} / CPI_{N-15}$ Where: “ $CPI_{N-3}$ ” means, in respect of each Interest Payment Date <sub>(N)</sub> , the Inflation Index Level in respect of the month falling three months prior to such Interest Payment Date “ $CPI_{N-15}$ ” means, in respect of each Interest Payment Date <sub>(N)</sub> , the Inflation Index Level in respect of the month falling fifteen months prior to such Interest Payment Date] <i>[specify other] [Not Applicable]</i>
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]



[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))]

[specify other] [Not Applicable]

Issuer Call:

[Applicable] [Not Applicable]

Issuer Call Cash Amount:

[Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date:

[ ] [Not Applicable]

Issuer Call Date:

[specify] [See Issuer notice of call]

Issuer Call Notice Period:

[ ] [Not Applicable]

Maturity Date:

[ ]

Settlement Currency:

[ ]

ISIN:

[ ]

Common Code:

[ ]

Other Securities Code:

[ ]

Indication of yield:

[ ] [Not Applicable]

Amendments to General Conditions or Product Conditions:

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the*

*need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][*specify other*]

Series:

[*Inflation Index*] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## INFLATION INDEX NOTES II

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Series:	<i>[Inflation Index] Notes due [ ] Series [ ]</i>
Nominal Amount:	[ ] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None][specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent] [specify other]
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]
Index:	<i>[[Inflation Index] published on a [monthly] [other] basis by the [ ], as displayed on Bloomberg '[ ] &lt;Index&gt;' (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the Index)]</i> [specify other]]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[ ] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[For the [first] Interest Period[s], [ ]per cent and for the remaining Interest Periods an amount calculated in accordance with the following formula:

$$\text{MAX} \left\{ 0\%, * \% \left[ \frac{\text{Index}_{-3M} - \text{Index}_{-15M}}{\text{Index}_{-15M}} \right] \right\}$$

Where:

Index<sub>-3M</sub> is the Final Reference Price for the Valuation Month in the second year immediately preceding the relevant Interest Payment Date

Index<sub>-15M</sub> is the Final Reference Price for the Valuation Month in the third year immediately preceding the relevant Interest Payment Date

For example, in respect of the Interest Rate calculation applicable for the Interest Payment Date on [ ], Index<sub>-3M</sub> will be the Final Reference Price for [ 2006] and Index<sub>-15M</sub> will be the Final Reference Price for [ 2005].]

[*specify other*]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*Specify Other*][Not Applicable]

Maturity Date: [ ]

Relevant Number of Months: [2] [*specify other*]

Settlement Currency: [ ]

Settlement Date: [The definition in Product Condition 1 applies][*specify other*]

Valuation Month(s): [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] [Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Inflation Index] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## CALLABLE INDEX NOTES

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Series:	<i>callable [Index] Notes due [ ] Series [ ]</i>
Nominal Amount:	[ ] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Barrier Level:	[Applicable – [Relevant Percentage x Initial Reference Price] <i>[specify other formula]</i> ][Not Applicable]
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	(i) If the Final Reference Price is greater than the Initial Reference Price: Nominal Amount * <i>[specify]</i> ; or (ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price: Nominal Amount * 100per cent; (iii) Otherwise: Nominal Amount * (Final Reference Price/Initial Reference Price) <i>[specify other]</i>
Early Redemption Amount:	[Nominal Amount * <i>[specify]</i> ] Where t = either <i>[specify]</i> corresponding to the Valuation Date on which the Early Redemption Event occurs.] <i>[specify other]</i>
Early Redemption Date(s):	[ ]
Early Redemption Event:	[If the Issuer, in its sole and absolute discretion determines that an Early Redemption Event should occur in respect of an Early Redemption Date] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Index:	[ ] (Bloomberg Code: [ ])

Initial Reference Price:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Maturity Date:	[     ]
Relevant Currency:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Relevant Percentage:	[[     ] per cent. per annum] [Not Applicable]
Settlement Currency:	[     ]
Settlement Date:	[Following an Early Redemption Event, the [fifth] Business Day following the relevant Early Redemption Date and otherwise the Maturity Date or if later, the [fifth] Business Day following the final Valuation Date] [ <i>specify other</i> ]
Standard Currency:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Valuation Date:	[     ]
ISIN:	[     ]
Common Code:	[     ]
Other Securities Code:	[     ]
Indication of yield:	Not Applicable
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]  <i>(When making any such amendments consideration should be given to as to whether such terms constitute</i>

*“significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

*Callable [Index] Notes due [ ] Series [ ]*

*[repeat as above for each new Series]*



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## AUTOCALLABLE INDEX NOTES

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Series:	<i>Autocallable [Index] Notes due [ ] Series [ ]</i>
Nominal Amount:	[ ] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Barrier Level:	[Relevant Percentage x Initial Reference Price] <i>[specify other]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	(i) [If the Final Reference Price is greater than the Initial Reference Price: Nominal Amount * <i>[specify]</i> ; or (ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price: Nominal Amount * 100per cent; (iii) Otherwise: Nominal Amount * (Final Reference Price/Initial Reference Price)] <i>[specify other]</i>
Early Redemption Amount:	[Nominal Amount * <i>[specify]</i> Where t = either <i>[specify]</i> corresponding to the Valuation Date on which the Early Redemption Event occurs.] <i>[specify other]</i>
Early Redemption Event:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Index:	[ ] (Bloomberg Code: [ ])
Initial Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] <i>[specify other]</i>

Interest Period: [As stated in Product Condition 1][*specify other*][Not Applicable]

Interest Rate: [[ ] per cent. [per annum] [Not Applicable] [*specify other*]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*specify other*] [Not Applicable]

Maturity Date: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Relevant Percentage: [ ] per cent. per annum

Settlement Currency: [ ]

Settlement Date: [Following an Early Redemption Event, the [third] Business Day following the relevant Valuation Date and otherwise the Maturity Date or if later, the [third] Business Day following the final Valuation Date] [*specify other*]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Valuation Date(s): [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: Not Applicable

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product

Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained: [     ]

Series: *Autocallable [Index] Notes due [     ] Series [     ]*

*[repeat as above for each new Series]*

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## AUTOCALLABLE SHARE BASKET NOTES

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Series: *Autocallable [Share Basket] Notes due [ ]*  
*Series [ ]*

Nominal Amount: [ ] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: [ ]

Additional Market Disruption Events: [None] *[specify]*

Barrier Level: [Relevant Percentage x Initial Reference Price] *[specify other]*

Business Day: [The definition in Product Condition 1 applies] *[specify other]*

Business Day Convention: [Modified Following][Following]

Basket: [ ] (Bloomberg Code: [ ])

Share	Share Company	Exchange	Weighting	Underlying Currency
[Type and ISIN]	[specify]	[specify]	[specify] per cent.	[specify]
				[Not applicable]

Cash Amount: (i) [If the Final Reference Price is greater than the Initial Reference Price:  
 Nominal Amount \* [specify]; or  
 (ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price:  
 Nominal Amount \* 100per cent;  
 (iii) Otherwise:  
 Nominal Amount \* (Final Reference Price/Initial Reference Price)] *[specify other]*

Early Redemption Amount: [Nominal Amount \* [specify]]  
 Where t = either [specify] corresponding to the Valuation Date on which the Early Redemption Event occurs.] *[specify other]*

Early Redemption Event: [The definition in Product Condition 1 applies] *[specify other]*

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] *[specify other]*

Final Reference Price: [The definition in Product Condition 1 applies] [*specify other*]

Initial Reference Price: [The definition in Product Condition 1 applies] [*specify other*]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[ ] [and [ ]]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [*specify other*]

Interest Period: [As stated in Product Condition 1][*specify other*][Not Applicable]

Interest Rate: [[ ] per cent. [per annum] [Not Applicable] [*specify other*]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*specify other*] [Not Applicable]

Maturity Date: [ ]

Physical Settlement: [Applicable][Not Applicable]

Reference Price: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Relevant Percentage: [[ ] per cent. per annum] [None]

Settlement Currency: [ ]

Settlement Date: [Following an Early Redemption Event, the [third] Business Day following the relevant Valuation Date and otherwise the Maturity Date or if later, the [third] Business Day following the final Valuation Date] [*specify other*]

Share Amount: [The definition in Product Condition 1 applies] [*specify other*]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

*other]*

Underlying Value: [specify]

Valuation Date(s): [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: Not Applicable

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Page where information about the past and [ ]  
future performance of the Underlying and its  
volatility can be obtained:

Series: *Autocallable [Share Basket] Notes due [ ]*  
*Series [ ]*

*[repeat as above for each new Series]*

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## AUTOCALLABLE REFERENCE RATE NOTES

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Series:	<i>Autocallable [Reference Rate] Notes due [ ] Series [ ]</i>
Nominal Amount:	[ ] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[ ]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Barrier Level:	[Relevant Percentage x Initial Reference Price] <i>[specify other]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	(i) [If the Final Reference Price is greater than the Initial Reference Price: Nominal Amount * <i>[specify]</i> ; or (ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price: Nominal Amount * 100per cent; (iii) Otherwise: Nominal Amount * (Final Reference Price/Initial Reference Price)] <i>[specify other]</i>
Early Redemption Amount:	[Nominal Amount * <i>[specify]</i> Where t = either <i>[specify]</i> corresponding to the Valuation Date on which the Early Redemption Event occurs.] <i>[specify other]</i>
Early Redemption Event:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Initial Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] <i>[specify other]</i>



Interest Period: [As stated in Product Condition 1][*specify other*][Not Applicable]

Interest Rate: [[ ] per cent. [per annum] [Not Applicable] [*specify other*]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*specify other*] [Not Applicable]

Maturity Date: [ ]

Reference Rate: [ ]

Reference Rate Screen Page: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Relevant Percentage: [ ] per cent. per annum

Settlement Currency: [ ]

Settlement Date: [Following an Early Redemption Event, the [third] Business Day following the relevant Valuation Date and otherwise the Maturity Date or if later, the [third] Business Day following the final Valuation Date] [*specify other*]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Valuation Date(s): [ ]

Valuation Time: [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: Not Applicable

Amendments to General Conditions or Product Conditions:

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[ ]

Series:

*Autocallable [Reference Rate] Notes due [ ] Series [ ]*

*[repeat as above for each new Series]*

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## SHARE NOTES

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Series: *[Share][Share Basket] Notes due [ ] Series [ ]*

Nominal Amount: *[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: *[ ]*

Additional Market Disruption Events: *[None] [specify]*

Basket: *[Not Applicable]*

<b>Share</b>	<b>Share Company</b>	<b>Exchange</b>	<b>Weight</b>	<b>Underlying Currency</b>
<i>[Type and ISIN]</i>	<i>[specify]</i>	<i>[specify]</i>	<i>[specify] per cent.</i> <i>[Not Applicable]</i>	<i>[specify]</i>

Business Day: *[The definition in Product Condition 1 applies] [specify other]*

Business Day Convention: *[Modified Following][Following]*

Cash Amount: *[insert redemption formula and applicable related definitions]*

Emerging Market Disruption Events: *[The definition in Product Condition 1 applies] [specify other]*

Exchange *[ ] [See Basket]*

Final Averaging Dates: *[ ] [Not Applicable]*

Final Reference Price: *[ ] [Not Applicable]*

Initial Averaging Dates: *[ ] [Not Applicable]*

Initial Reference Price: *[ ] [Not Applicable]*

Interest: *[Applicable][Not Applicable]*

Interest Payment Dates: *[[ ] [and [ ] in each year up to and including the Maturity Date], with the first Interest Payment Date being [ ] [Not Applicable] [specify other]*

Interest Period: *[As stated in Product Condition 1][specify other][Not Applicable]*

Interest Rate: *[ ] [Not Applicable]*

Interest Rate Day Count Fraction: *[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]*

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))] [specify other] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [specify] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [specify other]

Settlement Currency: [ ]

Settlement Date: [The Maturity Date [or, if later, the [third] Business Day following the [Valuation Date][last Final Averaging Date]]] [specify other]

Share: [ ] [See Basket]

Share Company: [ ] [See Basket]

Specified Trading Days: [ ]

Specified Valid Averaging Dates: For the purpose of Initial Averaging Dates: [5, or in respect of an Emerging Market Disruption Event only, 180]  
For the purpose of Final Averaging Dates: [5, or in respect of an Emerging Market Disruption Event only, 180]

Standard Currency: [The definition in Product Condition 1 applies] [specify other]

Underlying Currency: [ ] [See Basket]

Valuation Date: [[Insert number] Trading Days prior to the Maturity Date] [specify date] or, if such day is not a Trading Day, then the next succeeding day which is a Trading Day [the last Final Averaging Date] [specify other] [Not Applicable]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ][Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained: [ ]

Series: [Share][Share Basket] Notes due [ ] Series [ ]

[repeat as above for each new Series]

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## SINGLE STOCK EXCHANGEABLE NOTES

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Series:	[Share] Exchangeable Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent] [specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Exchange:	[ ]
Exchange Period:	[The period commencing on (and including) the Issue Date to [and including] the Valuation Date] [specify other]
Exchange Price:	[The percentage specified as such in the definition of the relevant Series, multiplied by the price of the Share on the Exchange at the Valuation Time on the Pricing Date, subject to adjustment in accordance with Product Condition 4] <sup>1</sup> [The price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4]. [specify other]
Exchange Time:	[ ]
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[ ] [Not Applicable]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366] [The number of days in the relevant period divided by

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<sup>1</sup> If forward pricing.

360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]  
[specify other] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Nominal Amount x 100] [specify other] [Not Applicable]

Issuer Call Cash Amount Condition: [The Final Reference Price is less then [(or equal to)] the Exchange Price] [specify other] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [specify] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Issuer Call Share Amount Condition: [The Final Reference Price is more than [(or equal to)] the Exchange Price] [specify other] [Not Applicable]

Maturity Date: [ ]

Optional Exchange Right Notice Period: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [specify other]

Relevant Number of Trading Days: For the purpose of "Issuer Call Date", [5, or in respect of an Emerging Market Disruption Event only, 180]  
For the purpose of "Share Amount", [5, or in respect of an Emerging Market Disruption Event only, 180]  
For the purpose of "Valuation Date", [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: [ ]

Settlement Date: [The earlier of (i) the Maturity Date or, if later, the fifth Business Day following the Valuation Date, [and] (ii) the fifth Business Day following the Exchange Date [and (iii) the fifth Business Day following the Issuer Call Date]] [specify other]

Share: [ ]

Share Amount: [ ]<sup>2</sup> [the number of Shares determined by the Calculation Agent as being the Nominal Amount divided by the Exchange Price ]<sup>3</sup> [specify other]

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<sup>2</sup> If not forward pricing

Share Company: [ ]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Underlying Currency: [ ]

Valuation Date: [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] [[Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

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<sup>3</sup> If forward pricing



INFORMATION ON THE UNDERLYING

Page where information about the past and [ ]  
future performance of the Underlying and its  
volatility can be obtained:

Series: [Share] Exchangeable Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## SINGLE STOCK EXCHANGEABLE NOTES (INTO CASH)

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Series:	<i>[Share] Exchangeable Notes (into Cash) due [ ] Series [ ]</i>
Nominal Amount:	<i>[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	<i>[ ]</i>
Additional Market Disruption Events:	<i>[None] [specify]</i>
Business Day:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Business Day Convention:	<i>[Modified Following][Following]</i>
Cash Amount:	<i>[Nominal Amount x 100per cent] [specify other]</i>
Conversion Amount:	<i>[Nominal Amount x [Final Reference Price/(Initial Reference Price x [ ]per cent)] [specify other]</i>
Conversion Time:	<i>[ ]</i>
Emerging Market Disruption Events:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Exchange:	<i>[ ]</i>
Exchange Period:	<i>[The period commencing on (and including) the Issue Date to [and including]) the Valuation Date] [specify other]</i>
Final Reference Price:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Initial Reference Price:	<i>[ ]</i>
Interest:	<i>[Applicable][Not Applicable]</i>
Interest Payment Dates:	<i>[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [specify other]</i>
Interest Period:	<i>[As stated in Product Condition 1][specify other][Not Applicable]</i>
Interest Rate:	<i>[ ] [Not Applicable]</i>
Interest Rate Day Count Fraction:	<i>[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366] [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than</i>

the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]  
[specify other] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Nominal Amount x 100] [specify other] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [specify] [See issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Optional Exchange Right Notice Period: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [specify other]

Relevant Number of Trading Days: For the purpose of "Issuer Call Date", [5, or in respect of an Emerging Market Disruption Event only, 180]  
For the purpose of "Valuation Date", [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: [ ]

Settlement Date: [The earlier of (i) the fifth Business Day following the Early Termination Date [or the Issuer Call Date, as the case may be,] and (ii) the Maturity Date] [specify other]

Share: [ ]

Share Company: [ ]

Standard Currency: [The definition in Product Condition 1 applies] [specify other]

Underlying Currency: [ ]

Valuation Date: [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] [Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer

protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained: [     ]

Series: [Share] Exchangeable Notes (into Cash) due [     ] Series [     ]

*[repeat as above for each new Series]*

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## INDEX EXCHANGEABLE NOTES

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Series:	[Index] Exchangeable Notes due [ ] Series [ ]
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[ ]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100per cent] [specify other]
Conversion Amount:	[Nominal Amount x (Final Index Level/Conversion Level)] [specify other]
Conversion Level:	[ ]
Conversion Time:	[ ]
Early Termination Date:	[The Trading Day immediately after the Holder Early Termination Notice Date] [specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Exchange Period:	[The period commencing from (but excluding) the Issue Date to [(but including)] the Final Termination Date] [specify other]
Final Termination Date:	[Fifth Business Day prior to the Maturity Date] [specify other]
Index:	[ ] (Bloomberg Code: [ ])
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[ ] [Not Applicable]
Interest Rate Day Count Fraction:	[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366] [The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the

last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))  
[specify other] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Nominal Amount x 100per cent] [Nominal Amount x (Final Index Level/Conversion Level)] [specify other] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [specify] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ] [Not Applicable]

Optional Exchange Right Notice Period: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [specify other]

Relevant Number of Trading Days: For the purpose of "Early Termination Date", [5, or in respect of an Emerging Market Disruption Event only, 180]  
  
For the purpose of "Issuer Call Date", [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: [ ]

Settlement Date: [The earlier of (i) the fifth Business Day following the Early Termination Date [or the Issuer Call Date, as the case may be,] and (ii) the Maturity Date] [specify other]

Standard Currency: [The definition in Product Condition 1 applies] [specify other]

Underlying Currency: [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] [[Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer

protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained: [     ]

Series: [Index] Exchangeable Notes due [     ] Series [     ]

*[repeat as above for each new Series]*

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**MULTI-ASSET BASKET LINKED NOTES**

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Series: [5 Year Himalaya Note Linked to a Multi-Asset Basket – Due 2011] [Specify other]

Nominal Amount: [ ] [Specify other]  
*[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: [ (of Denomination)] [Specify other]

Issue Date: [ ] [Specify other]

Additional Disruption Events: [None] [Specify other]

Additional Fund Event: [None] [Specify other]

Denomination: [ZAR1,000] [Specify other]

Basket:

	<b>“Weight”</b>	<b>“Reference Asset Currency”</b>	<b>“Exchange”</b>
[Index]			[Specify other] [Not applicable]
[Fund <i>[specify each Reference Asset, Fund Reference Asset and Bloomberg Code as applicable]</i> ]	[Specify per cent Weight]	[Specify other] [Not applicable]	
	[Not Applicable]		

Indices: **“Index”** [Specify]      **“Index Sponsor”** [Specify]

Funds: [Specify],

Business Day: [The definition in Product Condition 1 applies] [Specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: [An amount equal to:  
Denomination x Max x [ 0per cent, (A1 + A2 + A3 + A4 + A5)/5]

Where:



A1 = Return of the Best Performing Reference Asset in the 1<sup>st</sup> year;

A2 = Return of the Best Performing Reference Asset in the 2<sup>nd</sup> year;

A3 = Return of the Best Performing Reference Asset in the 3<sup>rd</sup> year;

A4 = Return of the Best Performing Reference Asset in the 4<sup>th</sup> year; and

A5 = Return of the Best Performing Reference Asset in the 5<sup>th</sup> year.]

[Specify other]

Best Performing Reference Asset:

[The Reference Asset with the highest Return as determined by the Calculation Agent in accordance with the following formula:

Return = [(Final Reference Value/Initial Reference Value) – 1.0772]

[Specify other]

Re-Weighting:

[The Basket is re-weighted on each anniversary of the Issue Date by removing the Best Performing Reference Asset from the Basket on such anniversary date and re-weighting the Basket accordingly.

The Basket in the following year then comprises the remaining Reference Assets in equal Weights.]

[Specify other]

Emerging Market Disruption Events:

[The definition in Product Condition 1 applies] [Specify other]

Exchange:

[Specify] [Not Applicable]

Fund Reference Asset:

[Specify] [Not Applicable]

Initial Reference Value:

[In respect of each Reference Asset, the Reference Asset Closing Level on the Start Date.]

[Specify other]

Initial Reference Values

[Specify]

Reference Asset Closing Level:

[In respect of each Reference Asset, the official closing level of such Reference Asset quoted on the relevant exchange at the Valuation Time.]

[Specify other]

Final Reference Value : [In respect of each Reference Asset the Reference Asset Closing Level of such Reference Asset on the Valuation Date.]

[Specify other]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [Not Applicable]

[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [The definition in Product Condition 1 applies]

[Specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [Not Applicable]

[ [ ] per cent.] [per annum] [The definition in Product Condition 1 applies]

[Specify other]

Interest Rate Day Count Fraction: [Not Applicable]

[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))]

[Specify other]

Issuer Call: [Not Applicable] [Applicable]

Issuer Call Cash Amount: [Not Applicable] [Cash Amount] [Specify other]

Issuer Call Commencement Date: [Not Applicable] [Specify other]

Issuer Call Date: [Not Applicable] [Specify other] [See Issuer notice of call]

Issuer Call Notice Period: [Not Applicable] [Specify other]

Maturity Date:	[        ] [ <i>Specify other</i> ]
Reference Banks:	[Not Applicable] [The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Underlying Rate, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion]  [ <i>Specify other</i> ]
Relevant Currency:	[The definition in Product Condition 1 applies] [ <i>Specify other</i> ]
Relevant Number of Trading Days:	Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]  Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]
Standard Currency:	[The definition in Product Condition 1 applies] [ <i>Specify other</i> ]
Trading Day:	[In respect of each Reference Asset, a day on which the Relevant Exchange is open and each Related Exchange in relation to such Reference Asset (being, in the case of an Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on such Index are traded), other than a day on which trading on any of the Relevant Exchange or the Related Exchange is scheduled to close prior to its regular weekly closing time.]  [ <i>Specify other</i> ]
Settlement Currency:	[ZAR]  [ <i>Specify other</i> ]
Settlement Date:	[The definition in Product Condition 1 applies]  [ <i>Specify other</i> ]
Valuation Date(s):	[Each anniversary of the Issue Date]
Valuation Time:	[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund]  [11.00 hours Central European Time]

	[Specify other]
ISIN:	[     ]
	[Specify other]
Common Code:	[     ]
	[Specify other]
Other Securities Code:	[Not Applicable]
	[Specify other]
Indication of yield:	[Not Applicable]
	[Specify other]
Underlying Rate:	[Not Applicable]
	[Specify other]
Pricing Date:	[Not Applicable]
	[Specify other]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]
	<i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i>
Sales Restriction:	The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the " <b>Securities Act</b> ") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States

Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

**INFORMATION ON THE REFERENCE ASSET**

Page where information about the past and future performance of the Reference Asset and its volatility can be obtained: [Bloomberg][Reuters][*specify other*]

***Index disclaimer(s):***

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**MULTI-ASSET BASKET LINKED NOTES II**

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Series: *Multi-Asset Basket Linked Notes II due [ ] [Specify other]*

Nominal Amount: [ ] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: [ ]

Additional Market Disruption Events: [None] *[Specify other]*

Additional Fund Events: [None] *[Specify other]*

Basket:

<b>["Basket Constituent"</b>	<b>"Weight"</b>	<b>"Share Company"</b>	<b>"Exchange"</b>	<b>"Basket Constituent Currency"</b>
<i>[specify each Basket Constituent and Bloomberg Code]</i>	<i>[Specify per cent Weight]</i>	<i>[Specify]</i>	<i>[Specify]</i>	<i>[Specify]</i>
<i>["Index"]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>
<i>["Share"]</i>				
<i>["Fund"] [Where the Fund is an exchange traded fund, include details of the Reference Asset]</i>				

Basket Return: [The definition in Product Condition 1 applies] *[Specify other]* [Not Applicable]

Business Day: [The definition in Product Condition 1 applies] *[Specify other]*

Business Day Convention: [Modified Following][Following]

Cash Amount: [An amount equal to:  
 $100\text{per cent} * \text{Nominal Amount} + \text{Nominal Amount} * \text{Participation} * [\text{Max} (\text{Basket Return}, 0\text{per cent})]$   
*[Specify other]*

Emerging Market Disruption Events: [The definition in Product Condition 1 applies]

[Specify other]

Final Averaging: [Applicable] [Not Applicable]

Fund Return: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Fund Final Reference Price: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Fund Initial Reference Price: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Fund Reference Price: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Index Return: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Index Final Reference Price: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Index Initial Reference Price: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Index Reference Price: [The definition in Product Condition 1 applies]  
[Specify other] [Not Applicable]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [Not Applicable]  
[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [The definition in Product Condition 1 applies]  
[Specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [Not Applicable]  
[[ ] per cent.] [per annum]  
[The definition in Product Condition 1 applies]  
[Specify other]

Interest Rate Day Count Fraction: [Not Applicable]  
[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]  
[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31<sup>st</sup> day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be

shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[Specify other]

Issuer Call:	[Not Applicable] [Applicable]
Issuer Call Cash Amount:	[Not Applicable] [Cash Amount] [Specify other]
Issuer Call Commencement Date:	[Not Applicable] [Specify other]
Issuer Call Date:	[Not Applicable] [Specify other] [See Issuer notice of call]
Issuer Call Notice Period:	[Not Applicable] [Specify other]
Maturity Date:	[       ]
Participation:	[Not Applicable] [Specify other]
Relevant Currency:	[The definition in Product Condition 1 applies] [Specify other]
Relevant Number of Trading Days:	For the purpose of:  Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]  Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]  [Not Applicable]
Settlement Currency:	[       ]
Settlement Date:	[The definition in Product Condition 1 applies] [Specify other]
Share Return:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Final Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Initial Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Standard Currency:	[The definition in Product Condition 1 applies] [Specify other]
Trading Day:	[The definition in Product Condition 1 applies] [Specify other]
Valuation Date(s):	[       ]



Valuation Time:	<p>[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund]</p> <p>[The definition in Product Condition 1 applies]</p> <p>[11.00 hours Central European Time]</p> <p>[Specify other]</p>
ISIN:	[     ]
Common Code:	[     ]
Other Securities Code:	<p>[Not Applicable]</p> <p>[Specify other]</p>
Indication of yield:	<p>[Not Applicable]</p> <p>[Specify other]</p>
Amendments to General Conditions or Product Conditions:	<p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
Sales Restriction:	<p>The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "<b>Securities Act</b>") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended</p>

and no U.S. person may at any time trade or maintain a position in the Securities.

**INFORMATION ON THE BASKET CONSTITUENT**

Page where information about the past and future performance of a Basket Constituent and its volatility can be obtained: [Bloomberg][Reuters][*specify other*]

Index disclaimer(s):

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**MULTI-ASSET BASKET LINKED NOTES III**

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Series: *Multi-Asset Basket Linked Notes III due [ ] [Specify other]*

Nominal Amount: [ ] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*

Issue Price: [ ]

Additional Market Disruption Events: [None] *[Specify other]*

Additional Fund Events: [None] *[Specify other]*

Basket:

<b>["Basket Constituent"]</b>	<b>"Weight"</b>	<b>"Share Company"</b>	<b>"Exchange"</b>	<b>"Basket Constituent Currency"</b>
<i>[specify each Basket Constituent and Bloomberg Code]</i>	<i>[Specify per cent Weight]</i>	<i>[Specify]</i>	<i>[Specify]</i>	<i>[Specify]</i>
	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>

*[first rate]*  
 Screen Page: *[specify]*  
*[repeat as appropriate for other rates]* ["FX Rate1"] ["FX Rate2"]  
 ["FX Rate3"] ["FX Rate4"] ["FX Rate5"] ["FX Rate6"]

["Certificate1"] ["Certificate2"]

["Commodity1"] ["Commodity2"]

["Commodity3"] ["Commodity4"]

["Index1"] ["Index2"] ["Index3"]

["Index4"] ["Index5"]

["Share1"] ["Share2"] ["Share3"]

["Fund1"] ["Fund2"] ["Fund3"]

*[Where the Fund is an exchange traded fund, include details of the Reference Asset]*

Basket Return: [20per cent x Index Return + 20per cent x Certificate

Return + 20per cent x Commodity Return + 20per cent x  
FX Rate Return + 20per cent x Real Estate Index Return]

[Specify other] [Not Applicable]

Business Day: [The definition in Product Condition 1 applies]

[Specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: [[Nominal Amount x (90per cent + 100per cent x Max [0;  
Basket Return – 0.9] + ((Participation – 100per cent) x  
Max [0; Basket Return – 1])) ]

[Specify other]

Certificate Final Reference Price (CertFRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Certificate Initial Reference Price (CertIRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Certificate Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Certificate Return:  $50\% \times \frac{\text{CertFRP of Commodity1}}{\text{CertIRP of Commodity1}} + 50\% \times \frac{\text{CertFRP of Commodity2}}{\text{CertIRP of Commodity2}}$

[Specify other] [Not Applicable]

Commodity Final Reference Price (CFRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Commodity Initial Reference Price (CIRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Commodity Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Commodity Return:  $25\% \times \frac{\text{CFRP of Commodity1}}{\text{CIRP of Commodity1}} + 25\% \times \frac{\text{CFRP of Commodity2}}{\text{CIRP of Commodity2}} + 25\% \times \frac{\text{CFRP of Commodity4}}{\text{CIRP of Commodity4}}$

[Specify other] [Not Applicable]

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

Fund Final Reference Price (FFRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Fund Initial Reference Price (FIRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Fund Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Fund Return:	[Specify] [Not Applicable]
FX Rate Final Reference Price (FXFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
FX Rate Initial Reference Price (FXIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
FX Rate Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
FX Rate Return:	$25\% \times \frac{\text{FXFRP of FXRate1}}{\text{FXIRP of FXRate1}} + 25\% \times \frac{\text{FXFRP of FXRate2}}{\text{FXIRP of FXRate2}} + 16.67\% \times \frac{\text{FXFRP of FXRate3}}{\text{FXIRP of FXRate3}} + 16.67\% \times \frac{\text{FXFRP of FXRate4}}{\text{FXIRP of FXRate4}} + 16.66\% \times \frac{\text{FXFRP of FXRate5}}{\text{FXIRP of FXRate5}}$ [Specify other] [Not Applicable]
Index Final Reference Price (IFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Initial Reference Price (IIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Return:	$25\% \times \frac{\text{IFRP of Index1}}{\text{IIRP of Index1}} + 25\% \times \frac{\text{IFRP of Index2}}{\text{IIRP of Index2}} + 25\% \times \frac{\text{IFRP of Index3}}{\text{IIRP of Index3}} + 25\% \times \frac{\text{IFRP of Index4}}{\text{IIRP of Index4}}$ [Specify other] [Not Applicable]
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[Not Applicable] [ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [The definition in Product Condition 1 applies] [Specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[Not Applicable] [[ ] per cent.] [per annum] [The definition in Product Condition 1 applies] [Specify other]
Interest Rate Day Count Fraction:	[Not Applicable] [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall

be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31<sup>st</sup> day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))]

[Specify other]

Issuer Call: [Not Applicable] [Applicable]

Issuer Call Cash Amount: [Not Applicable] [Cash Amount] [Specify other]

Issuer Call Commencement Date: [Not Applicable] [Specify other]

Issuer Call Date: [Not Applicable] [Specify other] [See Issuer notice of call]

Issuer Call Notice Period: [Not Applicable] [Specify other]

Maturity Date: [ ]

Participation: [Not Applicable] [Specify other]

Real Estate Index Return: 
$$[100\% \times \frac{\text{IFRP of Index5}}{\text{IIRP of Index5}}]$$

[Specify other] [Not Applicable]

Relevant Currency: [As stated in Product Condition 1] [specify other]

Relevant Number of Trading Days: For the purpose of:

Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

[Not Applicable]

Settlement Currency: [ ]

Settlement Date: [The definition in Product Condition 1 applies]

[Specify other]

Share Final Reference Price (SFRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Share Initial Reference Price (SIRP): [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Share Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Share Return: [Specify] [Not Applicable]

Standard Currency: [As stated in Product Condition 1] [specify other]

Trading Day: [The definition in Product Condition 1 applies]  
[Specify other]

Valuation Date(s): [ ]

Valuation Time: [(i) in respect of each Index, Fund, Certificate and Share the definition in Product Condition 1 applies, (ii) in respect of each Commodity [The time of the London [morning] [daily] fixing currently [10:30am] [12:15pm] London time] [The time at which the Exchange publishes the daily closing price] and (iii) in respect of each FX Rate [11.00 hours Central European Time] ]  
[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund]  
[Specify other]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [Not Applicable]  
[Specify other]

Indication of yield: [Not Applicable]  
[Specify other]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]  
  
*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### **INFORMATION ON THE BASKET CONSTITUENT**

Page where information about the past and future performance of a Basket Constituent and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Index disclaimer(s):



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## FUND LINKED NOTES

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Series: [Fund] Notes due [ ] Series [ ]

Nominal Amount: [ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]

Issue Price: [ ]

Additional Fund Events: [None] [specify]

Additional Market Disruption Events: [None] [specify]

Basket: [Applicable] [Not Applicable please delete below specification if]

“Fund”	“Reference Asset”	“Weight”	“Exchange”:
:	[ of the Fund ISIN: [ ]	[Specify percentage weight]	[specify exchange of Fund] [Not Applicable]
[specify] [Not Applicable]	]	[Not Applicable]	[Not Applicable]

Business Day: [The definition in Product Condition 1 applies] [specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: [An amount equal to Nominal Amount \* 100per cent]  
[specify other]

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] [specify other]

Exchange: [specify exchange of Fund] [Not Applicable]

Final Reference Price: [The definition in Product Condition 1 applies] [specify other]

Fund: [Specify] [Bloomberg Code [ ]][See Basket]

Initial Reference Price: [ ]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[ ] [and [ ]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [[ ] per cent.] [per annum] [Not Applicable] [*specify other*]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31<sup>st</sup> day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[*specify other*] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [*specify*] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Reference Asset: [ [ ] of the Fund (ISIN: [ ]) ] [see Basket] [*specify other*]

Reference Banks: [The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Underlying Rate, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [*specify other*]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Relevant Number of Trading Days: Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Underlying Rate: [5, or in respect of an Emerging Market Disruption Event only, 180]

Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Underlying Rate(s): *[first rate]*  
Screen Page: *[specify]*  
*[repeat as appropriate for other rates]*

Underlying Rate Valuation Date(s): [ ] *[or if such day is not a Business Day, the next succeeding Business Day]*

Settlement Currency: [ ]

Settlement Date: *[The definition in Product Condition 1 applies] [specify other]*

Trading Day: *[The definition in Product Condition 1 applies] [specify other]*

Valuation Date(s): [ ]

Valuation Time: *[11.00 hours Central European Time] [specify other]*  
*[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund]*

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] *[Not Applicable]*

Amendments to General Conditions or Product Conditions: *[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]*  
*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under*

*Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Index] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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**BASKET RELATED CAPITAL PROTECTED NOTES**

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Series:	<i>Basket Related Capital Protected Notes due [ ] Series [ ]</i>	
Nominal Amount:	[ ] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>	
Issue Price:	[ ]	
Additional Market Disruption Events:	[None] <i>[specify]</i>	
Basket:	The Basket shall be comprised of the following components:	
<b>["Index Component"]</b>	<b>"Weight"</b>	
<i>[specify]</i> Index (" <b>Index A</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i> per cent	
<i>[specify]</i> Index (" <b>Index B</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i> per cent]	
<b>["Real Estate Index Component"]</b>	<b>"Weight"</b>	
<i>[specify]</i> (" <b>Index C</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i> per cent	
<i>[specify]</i> (" <b>Index D</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i> per cent]	
<b>["Bond Index Component"]</b>	<b>"Weight"</b>	
<i>[specify]</i> (" <b>Index E</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i> per cent	
<i>[specify]</i> (" <b>Index F</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i> per cent]	
<b>["Commodity Component"]</b>	<b>"Exchange"</b>	<b>"Weight"</b>
<i>[specify]</i> (" <b>Commodity A</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i>	<i>[specify]</i> per cent
<i>[specify]</i> (" <b>Commodity B</b> ") (Bloomberg: <i>[specify]</i> )	<i>[specify]</i>	<i>[specify]</i> per cent]
Bond Index Component Performance:	<i>[specify]</i> [Not Applicable]	
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Business Day Convention:	[Modified Following][Following]	
Cash Amount:	[Nominal Amount * 100per cent] <i>[specify other]</i>	
Commodity Component Performance:	<i>[specify]</i> [Not Applicable]	
Commodity Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i> [Not Applicable]	
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Index Component Performance:	<i>[specify]</i> [Not Applicable]	

Index Reference Price: [The definition in Product Condition 1 applies] [*specify other*] [Not Applicable]

Initial Commodity Reference Price: [The definition in Product Condition 1 applies] [*specify other*] [Not Applicable]

Initial Index Reference Price: [The definition in Product Condition 1 applies] [*specify other*] [Not Applicable]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[ ] [and [ ]]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ] [Not Applicable] [*specify other*]

Interest Period: [As stated in Product Condition 1][*specify other*][Not Applicable]

Interest Rate: [In respect of the [*specify*] Interest Period[s]][[ ] per cent.] [per annum] [*specify other*] [Not Applicable]

[In respect of the [*specify*] Interest Period[s]], an Interest Amount determined by the Calculation Agent as follows:

The greater of:

- (i) zero; and
- (ii)  $(([ ] \text{ per cent} \times \text{Index Component Performance}) + ([ ] \text{ per cent} \times \text{Real Estate Index Component Performance}) + ([ ] \text{ per cent} \times \text{Bond Index Component Performance}) + ([ ] \text{ per cent} \times \text{Commodity Component Performance})) \text{ minus } 1;$  and
- (iii)  $(([ ] \text{ per cent} \times \text{Index Component Performance}) + ([ ] \text{ per cent} \times \text{Real Estate Index Component Performance}) + ([ ] \text{ per cent} \times \text{Bond Index Component Performance}) + ([ ] \text{ per cent} \times \text{Commodity Component Performance})) \text{ minus } 1;$  and
- (iv)  $(([ ] \text{ per cent} \times \text{Index Component Performance}) + ([ ] \text{ per cent} \times \text{Real Estate Index Component Performance}) + ([ ] \text{ per cent} \times \text{Bond Index Component Performance}) + ([ ] \text{ per cent} \times \text{Commodity Component Performance})) \text{ minus } 1]$

Interest Rate Day Count Fraction: [In respect of the [*specify*] Interest Period[s]]

[Interest required to be calculated in respect of a period of less than a full [year], shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "Accrual Date") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date]

[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of

a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]

[specify other] [Not Applicable]

Interim Cash Settlement Amount:

[Applicable] [An amount calculated in accordance with the following formula:

Nominal Amount x {the greater of:

- (i) zero; or
- (ii) (([ ] per cent x Index Component Performance) + ([ ] per cent x Real Estate Index Component Performance) + ([ ] per cent x Bond Index Component Performance) + ([ ] per cent x Commodity Component Performance)) minus 1; or
- (iii) (([ ] per cent x Index Component Performance) + ([ ] per cent x Real Estate Index Component Performance) + ([ ] per cent x Bond Index Component Performance) + ([ ] per cent x Commodity Component Performance)) minus 1; or
- (iv) (([ ] per cent x Index Component Performance) + ([ ] per cent x Real Estate Index Component Performance) + ([ ] per cent x Bond Index Component Performance) + ([ ] per cent x Commodity Component Performance)) minus 1}}

[specify other]

[Not Applicable]

Interim Cash Settlement Amount Payment Date:

[The definition in Product Condition 1 applies] [specify date] [Not Applicable]

Interim Cash Settlement Amount Valuation Date:

[specify date] [Valuation Date occurring on [ ] ] [Not Applicable]

Issuer Call:

[Applicable] [Not Applicable]

Issuer Call Cash Amount:

[Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date:

[ ] [Not Applicable]

Issuer Call Date:

[specify] [See Issuer notice of call]

Issuer Call Notice Period:

[ ] [Not Applicable]

Maturity Date:

[ ]

Pricing Date:

[ ]

Real Estate Index Component Performance:	[ <i>specify</i> ] [Not Applicable]
Relevant Currency:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Relevant Number of Trading Days:	Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180] Interim Cash Settlement Amount Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180] Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[     ]
Settlement Date:	[The Maturity Date [or if later the third Business Day following the final Valuation Date [ <i>specify other</i> ]
Standard Currency:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Trading Day:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
Valuation Date(s):	[     ]
Valuation Time:	[The definition in Product Condition 1 applies] [ <i>specify other</i> ]
ISIN:	[     ]
Common Code:	[     ]
Other Securities Code:	[     ]
Indication of yield:	[     ] [Not Applicable]
Amendments to General Conditions or Product Conditions:	[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]  <i>(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the</i>



*need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page(s) where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][*specify other*]

Series:

*Basket related capital protected*] Notes due [ ] Series [ ]

*[repeat as above for each new Series]*

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## COMMODITY NOTES

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Series: [Commodity] Notes due [ ] Series [ ]

Nominal Amount: [ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]

Issue Price: [ ]

Additional Market Disruption Events: [None] [specify]

Basket:

[“Commodity”	“Exchange”	“Weight”
[specify each Commodity and Bloomberg/Reuters Code]	[Specify] [Not Applicable]	[specify]

Business Day: [The definition in Product Condition 1 applies] [specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: [Nominal Amount x (100per cent + Participation x Max [0, Commodity Performance])] [specify other]

Commodity: [ ] [See Basket]

Commodity Performance: [The definition in Product Condition 1 applies] [specify other] [Not Applicable]

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] [specify other]

Exchange: [ ] [See Basket]

Exchange Rate: [The definition in Product Condition 1 applies] [specify other] [Not Applicable]

Final Reference Price: [The definition in Product Condition 1 applies] [specify other] [Not Applicable]

Initial Reference Price: [The definition in Product Condition 1 applies] [specify other] [Not Applicable]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[ ] [and [ ]]] in each year up to and including the Maturity Date, with the first Interest Payment Date being

Interest Period: [ ] [Not Applicable] [*specify other*]  
[As stated in Product Condition 1][*specify other*][Not Applicable]

Interest Rate: [[ ] per cent. per annum] [Not Applicable] [*specify other*]

Interest Rate Day Count Fraction: [The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]  
[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31<sup>st</sup> day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month))]  
[*specify other*] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date: [ ] [Not Applicable]

Issuer Call Date: [*specify*] [See Issuer notice of call]

Issuer Call Notice Period: [ ] [Not Applicable]

Maturity Date: [ ]

Participation: [ ]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Relevant Number of Business Days: [ ]

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: [ ]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Underlying Currency: [ ]

Valuation Date(s): [ ]

Valuation Time: [The time of the London [morning] [daily] fixing currently [10:30am] [12:15pm] London time]

[The time at which the Exchange publishes the daily closing price]

[specify other] [Not Applicable]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] [Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

#### INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained: [Bloomberg][Reuters][specify other]

Series:

*[Commodity] Notes due [ ] Series [ ]*

*[repeat as above for each new Series]*

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## INDEX AND INFLATION INDEX NOTES

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Series:	[Index and Inflation Index] Notes due [ ] Series [ ]	
Nominal Amount:	[ ] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]	
Issue Price:	[ ]	
Additional Market Disruption Events:	[None][specify]	
Basket:	[Applicable] [Not Applicable]	
<b>Index</b> [specify]	<b>Inflation Index</b> [specify]	<b>Bloomberg Code</b> [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]	
Business Day Convention:	[Modified Following][Following]	
Cash Amount:	[Nominal Amount x 100per cent] [specify other]	
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]	
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]	
Index:	[[ ] (Bloomberg Code: [ ])] [See Basket] [Not Applicable]	
Index Final Reference Price:	[As stated in Product Condition 1] [specify other]	
Index Initial Reference Price:	[As stated in Product Condition 1] [specify other]	
Inflation Index:	[[Inflation Index] published on a [monthly] [other] basis by the [ ], as displayed on Bloomberg '[ ] <Index>' (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the Inflation Index)] [specify other]]	
Inflation Index Final Reference Price:	[As stated in Product Condition 1] [specify other]	
Interest:	[Applicable][Not Applicable]	
Interest Amount:	[Nominal Amount x Interest Rate x Interest Rate Day Count Fraction] [specify other]	
Interest Payment Dates:	[[ ] in each year up to and including the Maturity Date, with the first Interest Payment Date being [ ]] [Not Applicable] [specify other]	
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]	

Interest Rate: [(i) If (Index Final Reference Price/Index Initial Reference Price) is greater than (CPTFEMU<sub>t</sub>/CPTFEMU<sub>0</sub>):

$$3.25\% + \text{Max} \left[ 0, \left( \frac{\text{CPTFEMU}_t}{\text{CPTFEMU}_{t-1}} \right) - 1 \right]; \text{ otherwise}$$

$$\text{(ii) Max} \left[ 0, \left( \frac{\text{CPTFEMU}_t}{\text{CPTFEMU}_{t-1}} \right) - 1 \right]$$

Where:

CPTFEMU<sub>0</sub> is the Inflation Index Final Reference Price for the Valuation Month in the year [ ];

CPTFEMU<sub>t</sub> is the Inflation Index Final Reference Price for the Valuation Month in the same year as the relevant Interest Payment Date;

CPTFEMU<sub>t-1</sub> is the Inflation Index Final Reference Price for the Valuation Month in the year immediately preceding the year in which the relevant Interest Payment Date falls]

[For example] [specify example]

Interest Rate Day Count Fraction:

[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))]

[Specify Other][Not Applicable]

Maturity Date:

[ ]

Pricing Date(s):

[ ]

Relevant Currency:

[As stated in Product Condition 1] [specify other]

Relevant Number of Months:

[2] [specify other]

Relevant Number of Trading Days:

5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency:

[ ]

Settlement Date:

[The definition in Product Condition 1 applies][specify other]

Standard Currency:

[As stated in Product Condition 1] [specify other]

Underlying Currency: [ ]

Valuation Date(s): [ ]

Valuation Month(s): [ ]

ISIN: [ ]

Common Code: [ ]

Other Securities Code: [ ]

Indication of yield: [ ] [Not Applicable]

Amendments to General Conditions or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

*(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Page where information about the past and future performance of the Underlying and its volatility can be obtained: [Bloomberg][Reuters][specify other]



Series:

*[Index and Inflation Index] Notes due [ ] Series [ ]*

*[repeat as above for each new Series]*

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.