
LaunchPAD Programme

Supplementary Prospectus dated 25 June 2012

SEVENTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS AND EIGHTEENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1 This supplement dated 25 June 2012 (this “**Supplement**”) constitutes the seventeenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Reverse Exchangeable Securities, (iv) Turbos and (v) Warrants; and the eighteenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of Open End Certificates, each approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2 Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.

- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 24 February 2012, the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the “**RBS Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc. The RBS Registration Document is incorporated by reference in each of the Base Prospectuses and has previously been filed with the AFM.
- 7 By virtue of this Supplement, the paragraphs under the sub-section entitled “Ratings” in the sub-section entitled “PART A: IN RELATION TO RBS N.V.” in the section of each of the Base Prospectuses entitled “General Information”, shall be deleted in their entirety and replaced with the following:

“Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS N.V. “BBB-”; and undated tier 2 notes issued by RBS N.V. “BB+”. Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A3”; senior notes issued by RBS N.V. with a maturity of less than one year “P-2”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis.

As defined by Standard & Poor’s, an “A” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an “A-1” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A “BBB” rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer’s inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor’s, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an “A” rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions - 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moody's.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS N.V. is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part A), including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 8 By virtue of this Supplement, the following information within the section entitled "Introduction" in the RBS Registration Document shall no longer be incorporated by reference in any of the Base Prospectuses:
 - 8.1 the final sentence of the fourth paragraph of such section, which begins with the words "Moody's Investors Service Limited";
 - 8.2 the seventh paragraph of such section, which begins with the words "As defined by Moody's"; and
 - 8.3 limb (ii) of the eighth paragraph of such section, which begins with the words "the ratings definitions set out above".
- 9 By virtue of this Supplement, the following shall be inserted as a new sub-section entitled "Ratings" in the sub-section entitled "PART B: IN RELATION TO RBS" in the section entitled "General Information" in each of the Base Prospectuses:

"Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A3"; senior notes issued by RBS with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled “Rating Symbols and Definitions - June 2012” published by Moody’s (available at www.moody.com).

The rating definitions set out in this Base Prospectus have been accurately reproduced from the sources identified above and, so far as RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.”.

- 10** The amendments described in paragraphs 7, 8 and 9 above arise following an announcement by Moody’s on 21 June 2012 of revisions to the expected ratings of notes issued by the Issuer and RBS, and those of certain other global banks and securities firms, reflecting changes in the Moody’s rating methodology to assess global capital markets business models and its broader concerns about the additional pressures arising from a difficult Euro-zone operating environment. The RBSG Group (as defined in each of the Base Prospectuses) believes the impacts of this downgrade are manageable, bearing in mind its £153 billion liquidity portfolio. The amount of collateral that may have to be posted by the RBSG Group following this downgrade by Moody’s is estimated to be £9 billion as of 31 May 2012.
- 11** By virtue of this Supplement, the following shall be inserted as a new sub-section entitled “Dutch Scheme - Proposals” in the sub-section entitled “PART A: IN RELATION TO RBS N.V.” in the section entitled “General Information” in each of the Base Prospectuses:

“On 18 June 2012, the Court of Session in Scotland made an order, inter alia, approving the completion of the Merger (as defined in the Registration Document) for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Dutch Scheme (as defined in the Registration Document) will take effect on 9 July 2012.”.
- 12** A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> or <http://markets.rbs.com/launchpad> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
- 13** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 14** Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 11 May 2012

SIXTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS AND SEVENTEENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This supplement dated 11 May 2012 (this “**Supplement**”) constitutes the sixteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Reverse Exchangeable Securities, (iv) Turbos and (v) Warrants; and the seventeenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of Open End Certificates, each approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.

- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 1 May 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc a press release entitled “Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)” (the “**1 May RNS**”).
- 7 By virtue of this Supplement, the 1 May RNS shall be incorporated in, and form part of, each of the Base Prospectuses.
- 8 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses 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, email investor.relations@rbs.com.
- 9 If the documents which are incorporated by reference in each of the Base Prospectuses 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 any of the Base Prospectuses for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, each of the Base Prospectuses by virtue of this Supplement.
- 10 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 11 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 4 May 2012

FIFTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS AND SIXTEENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This supplement dated 4 May 2012 (this “**Supplement**”) constitutes the fifteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Reverse Exchangeable Securities, (iv) Turbos and (v) Warrants; and the sixteenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of Open End Certificates, each approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.

- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieeltoezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 4 May 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc its unaudited Interim Management Statement Q1 2012 (the “**RBSG Interim Management Statement**”).
- 7 By virtue of this Supplement, the RBSG Interim Management Statement shall be incorporated in, and form part of, each of the Base Prospectuses.
- 8 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses 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, email investor.relations@rbs.com.
- 9 If the documents which are incorporated by reference in each of the Base Prospectuses 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 any of the Base Prospectuses for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, each of the Base Prospectuses by virtue of this Supplement.
- 10 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 11 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 20 April 2012

**FIFTEENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END
CERTIFICATES**



The Royal Bank of Scotland N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the Issuer)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

1. This Supplement dated 20 April 2012 (this **Supplement**) constitutes the fifteenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
2. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
3. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
4. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

6. The Issuer proposes to issue Open End Booster Certificates under the Base Prospectus. Accordingly, by virtue of this Supplement, the following amendments are made to the Base Prospectus:

(a) The "**Summary**" section beginning on page 6, shall be amended as follows:

(i) The following sub-section shall be inserted after the sub-section entitled "**Rolling Mini Short Open End Certificates**":

**Open End Booster
Certificates:**

Open End Booster Long Certificates enable the investor to profit from rising markets, while Open End Booster Short Certificates enable the investor to profit from falling markets. Open End Booster Certificates are similar to ordinary certificates in that they track the performance of the underlying asset(s) (as affected by financing costs and/or dividends). The difference between an Open End Booster Certificate and an ordinary open end certificate is that in the case of the Open End Booster Certificate, the amount needed to invest to give the same participation rate in the underlying asset(s) is considerably less. Therefore the percentage gain relative to price movement of the underlying asset(s) is much higher in Open End Booster Certificates than in ordinary certificates. The maximum loss to the investor is the initial amount invested.

If during the term of an Open End Booster Certificate, an Open End Booster Stop-Loss Event occurs, the Security will terminate automatically, and no payment will be made on the Security. In the event of such early termination the initial amount invested will be lost (including any transaction costs).

(ii) In the section of the Summary entitled "**Risk Factors**", the following bullet point paragraphs shall be inserted to the sub-section entitled "**Risks Relating to the Securities**"

- If during the term of an Open End Booster Certificate, the Underlying (as defined below) reaches a pre-determined barrier (an "**Open End Booster Stop-Loss Event**") the Security will terminate automatically, and no payment will be made on the Security. In the event of such early termination the initial amount invested will be lost (including any transaction costs).
- Transactions or other activities taken by the Issuer and/or its affiliates that affect the market price, liquidity or value of any Underlying may trigger an Open End Booster Stop-Loss Event. 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 price level of the Underlying and trigger an Open End Booster Stop-Loss Event.

(b) The "**Risk Factors**" section beginning on page 30 shall be amended as follows:

(i) The risk factor under the sub-heading entitled "**The Securities are certificates which entail particular risks**" under the heading "**Factors which are material for the purpose of assessing the market risks**

associated with Securities issued" shall be amended by inserting the following paragraph after the third paragraph:

Open End Booster Long Certificates enable the investor to profit from rising markets, while Open End Booster Short Certificates enable the investor to profit from falling markets. Open End Booster Certificates are similar to ordinary certificates in that they track the performance of the underlying asset(s) (as affected by financing costs and/or dividends). The difference between an Open End Booster Certificate and an ordinary open end certificate is that in the case of the Open End Booster Certificate, the amount needed to invest to give the same participation rate in the underlying asset(s) is considerably less. Therefore the percentage gain relative to price movement of the underlying asset(s) is much higher in Open End Booster Certificates than in ordinary certificates. This is the effect of leverage. The maximum loss to the investor is the initial amount invested.

- (ii) The risk factor under the sub-heading entitled "***Actions taken by the Issuer may affect the value of the Securities***" under the heading "**Factors which are material for the purpose of assessing the market risks associated with Securities issued**" shall be amended by inserting the following paragraph after the second paragraph:

Any such activities (including the unwinding of hedge positions in relation to the Underlying) can also have a material impact on the price or level of the Underlying and trigger an Open End Booster Stop-Loss Event. 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 price level of the Underlying and trigger an Open End Booster Stop-Loss Event. If an Open End Booster Stop-Loss Event occurs, the Security will terminate automatically, no payment will be made on the Security, the entire investment of a Holder will be lost.

- (iii) The following risk factors related to the Open End Booster Certificates shall be inserted:

Risks associated with Open End Booster Certificates

- (a) *Leverage may result in greater gains and losses than would result from a direct investment in the Underlying.* Investors should be aware that the leverage effect from holding Open End Booster Certificates could result in gaining or losing a greater percentage of the investment than would occur through a direct investment in the underlying asset(s). The maximum loss to the investor is the initial amount invested. Investors must expect to suffer a loss if the market price/value of the underlying asset(s) falls, in the case of Open End Booster Long Certificates or rises, in the case of Open End Booster Short Certificates.
- (b) *The occurrence of an Open End Booster Stop-Loss Event will result in a loss of the investor's initial investment.* Following the occurrence of an Open End Booster Stop-Loss Event the Open End Booster Certificates will terminate automatically, no payment will be made on the Securities, and the initial amount invested will be lost (including any transaction costs). An Open End Booster Stop-Loss Event occurs if the price or level of the Underlying during the term of the Securities is (i) in case of Open End Booster Long Certificates, less than or equal to a pre-determined barrier (the "**Open End Booster Stop Loss Level**") or (ii) in the case of Open End Booster Short Certificates, greater than or equal to the Open End Booster Stop Loss Level.

The Open End Booster Stop Loss Level, which is specified in the Final Terms, is identical to the Current Financing Level. Accordingly, in the case of Open End Booster Certificates, the Open End Booster Stop Loss Level may change daily because the Current Financing Level will be determined on a daily basis as described in the Product Conditions. Investors should be aware that their entire investment may be lost in the event that the price or level of the Underlying decreases (in the case of Open End Booster Long Certificates) or increases (in the case of Open End Booster Short Certificates).

- (c) The “**General Information**” section beginning on page 86 shall be amended as follows: Paragraph (j) entitled “**Description of the Securities**” under the Heading “**Information on the Offering of the Securities**” shall be amended by inserting the following paragraph after the penultimate paragraph:

Open End Booster Long Certificates enable the investor to profit from rising markets, while Open End Booster Short Certificates enable the investor to profit from falling markets. Open End Booster Certificates are similar to ordinary certificates in that they track in a linear manner the underlying asset(s). The difference between a Open End Booster Certificate and an ordinary certificate is that in the case of the Open End Booster Certificate, the amount needed to invest to give the same participation rate in the underlying asset(s) is considerably less. Therefore the percentage gain relative to price movement of the underlying asset(s) is much higher in Open End Booster Certificates than in ordinary certificates. The maximum loss to the investor is the initial amount invested.

- (d) The Product Conditions on pages 112 to 625 shall be amended by inserting the following new Product Conditions:
- (i) Product Conditions relating to Index Open End Booster Long Certificates on as set out in Annex A to this Supplement; and
 - (ii) Product Conditions relating to Index Open End Booster Short Certificates as set out in Annex B to this Supplement
- (e) The form of Final Terms on pages 626 to 727 shall be amended by inserting the following new Form of Final Terms for Index Open End Booster Certificates as set out in Annex C to this Supplement.

7. A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> 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.
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 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.
9. 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.

ANNEX A

CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX OPEN END BOOSTER LONG CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s) each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

“**Calculation Period**” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

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

(a) Upon Exercise:

(Final Reference Price - Current Financing Level) x Entitlement, less Expenses (the “**Exercise Cash Amount**”); or

(b) Upon an Issuer Call:

(Termination Reference Price - Current Financing Level) x Entitlement, less Expenses (the “**Issuer Call Cash Amount**”),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be

converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified in the applicable Final Terms, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Current Financing Level**” means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each Trading Day, in accordance with the following formula:

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

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

“**Current Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions including (but not limited to) the liquidity of the global financial markets, the availability and cost of capital and credit, interest rates, the imposition or announcement of any (additional) legislation and/or regulation, which requires higher capital ratio requirements for banks and such other factors as the Calculation Agent determines to be relevant. The Current Spread may be reset on any Trading Day, subject to the “**Maximum Spread**” (as specified in the definition of the relevant Series in the applicable Final Terms) per annum (save that if, in the sole discretion of the Calculation Agent, at any time the market rate for borrowing the Index or hedging the Securities with futures materially exceeds such market rate as of the Launch Date, the Current Spread may be increased to reflect this change, subject to the Maximum Spread). The Current Spread on the Launch Date is the spread specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition

of the relevant Series in the applicable Final Terms, each of the following events:

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

Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

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

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

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

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

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

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

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

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of

such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

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

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

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

- (a) Rate plus Current Spread; multiplied by
- (b) the Current Financing Level on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period, divided by 360;

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

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

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

successor index sponsor pursuant to Product Condition 4;

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

“Issuer” means The Royal Bank of Scotland 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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

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

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

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

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

“Notional Dividend Amount” means, if “Notional Dividend Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, an amount as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions in respect of the Shares which have an ex-dividend date occurring during the Calculation Period, or a percentage thereof in accordance with the Issuer's Hedge Position as determined by the Calculation Agent in its sole and absolute discretion, net of applicable

withholding taxes at a rate adjusted by application of any relevant double tax treaty without regard to any tax credits. The Notional Dividend Amount, if not expressed in the Financing Level Currency, shall be converted into the Financing Level Currency at the prevailing spot rate of exchange between the Financial Level Currency and the currency of such cash dividend or other cash distribution;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET2) System is open;

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Stop Loss Level**” means in respect of any day and subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Current Financing Level as determined by the

Calculation Agent in its sole and absolute discretion. The Stop Loss Level shall be rounded in the manner specified in the applicable Final Terms;

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

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

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

“Valuation Date” means the date or 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 (including an Emerging Market Disruption Event) has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event (including an Emerging Market Disruption Event)) would have been a Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event (including an Emerging Market Disruption Event)); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”) (if applicable). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

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

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or

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

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

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

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

3. RIGHTS AND PROCEDURES.

- (a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable on any Exercise Date by delivery of a Notice (as defined below) prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically with a value of zero and the Issuer shall give notice to Holders in accordance with General Condition 4. For the avoidance of doubt, upon the

occurrence of a Stop Loss Event, the Holders shall not be entitled to any payment in respect of the Securities and the Issuer shall have no further obligations in respect thereof. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

- (c) Issuer Call. Provided no Stop Loss Event has occurred, the Issuer may terminate the Securities, in whole but not in part, on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:
 - (i) the Exercise Cash Amount, following a valid Exercise; or
 - (ii) the Issuer Call Cash Amount, following a valid Issuer Call.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;

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

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

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the

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

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

- (n) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

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

exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.
- (i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (ii) If: (A) on or prior to the Valuation Date or 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 Issuer Call Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price or the Termination Reference Price using, in lieu of a published level for the Index on the Valuation Date or 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 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 Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the shares or other securities comprising the Index (the “**Shares**”) of: (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Launch Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.
- (iv) The Issuer reserves the right to issue further Securities, make

adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

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

5. EFFECT OF FINAL TERMS

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

ANNEX B

CONDITIONS: PRODUCT CONDITIONS RELATING TO INDEX OPEN END BOOSTER SHORT CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s) each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

“**Calculation Period**” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

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

(a) Upon Exercise:

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

(b) Upon an Issuer Call:

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

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate

is specified in the applicable Final Terms, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Current Financing Level**” means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each Trading Day, in accordance with the following formula:

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

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

“**Current Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions including (but not limited to) the liquidity of the global financial markets, the availability and cost of capital and credit, interest rates, the imposition or announcement of any (additional) legislation and/or regulation, which requires higher capital ratio requirements for banks and such other factors as the Calculation Agent determines to be relevant. The Current Spread may be reset on any Trading Day, subject to the “**Maximum Spread**” (as specified in the definition of the relevant Series in the applicable Final Terms) per annum (save that if, in the sole discretion of the Calculation Agent, at any time the market rate for borrowing the Index or hedging the Securities with futures materially exceeds such market rate as of the Launch Date, the Current Spread may be increased to reflect this change, subject to the Maximum Spread). The Current Spread on the Launch Date is the spread specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

obligations under the Securities; or

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

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

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

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

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration,

securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment or delivery due following exercise or otherwise in respect of such Security;

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

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

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

- (a) Rate minus Current Spread; multiplied by
- (b) the Current Financing Level on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period, divided by 360.

The Funding Cost may be a negative number;

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

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

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

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

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

“Issuer” means The Royal Bank of Scotland 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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

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

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

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

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

“Notional Dividend Amount” means, if “Notional Dividend Amount” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, an amount as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions in respect of the Shares which have an ex-dividend date occurring during

the Calculation Period without regard to any withholding tax or other deductions multiplied by the prevailing dividend percentage payable under market standard stock borrow agreements, as determined by the Calculation Agent in its sole and absolute discretion. The Notional Dividend Amount, if not expressed in the Financing Level Currency, shall be converted into the Financing Level Currency at the prevailing spot rate of exchange between the Financial Level Currency and the currency of such cash dividend or other cash distribution;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET2) System is open;

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

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

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

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

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

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

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

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

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

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

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

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

“Stop Loss Level” means in respect of any day and subject to adjustment in accordance with

Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Current Financing Level as determined by the Calculation Agent in its sole and absolute discretion. The Stop Loss Level shall be rounded in the manner specified in the applicable Final Terms;

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

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

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

“**Valuation Date**” means the date or 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 (including an Emerging Market Disruption Event) has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event (including an Emerging Market Disruption Event)) would have been a Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event (including an Emerging Market Disruption Event)); and (b) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”) (if applicable). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

supplemented or replaced from time to time (the “**Regulations**”).

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

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

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

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

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in

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

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

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

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

3. RIGHTS AND PROCEDURES.

- (a) Exercise. Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable on any Exercise Date by delivery of a Notice (as defined below) prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically with a value of zero and the Issuer shall give notice to Holders

in accordance with General Condition 4. For the avoidance of doubt, upon the occurrence of a Stop Loss Event, the Holders shall not be entitled to any payment in respect of the Securities and the Issuer shall have no further obligations in respect thereof. A Stop Loss Event will override an Issuer Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

- (c) Issuer Call. Provided no Stop Loss Event has occurred, the Issuer may terminate the Securities, in whole but not in part, on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:
 - (i) the Exercise Cash Amount, following a valid Exercise; or
 - (ii) the Issuer Call Cash Amount, following a valid Issuer Call
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

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

requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

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

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

requirements applicable thereto.

- (n) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

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

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

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.
- (i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (ii) If: (A) on or prior to the Valuation Date 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 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 Issuer Call Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price or the Termination Reference Price using, in lieu of a published level for the Index on the Valuation Date or 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 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 Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the shares or other securities comprising the Index (the “**Shares**”) of: (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from but including the Launch Date up to and excluding the Valuation Date; (G) a distribution of cash dividends on the Shares equal to or greater than 8 per cent per annum of the then current market value of the Shares; (H) any other similar event having a dilutive or concentrative effect on the theoretical value of

the Shares.

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

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

5. EFFECT OF FINAL TERMS

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

ANNEX C

INDEX OPEN END BOOSTER CERTIFICATES

Series:	<i>[Index] Open End Booster [Long][Short] Certificates Series []</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Business Day:	[As specified in Product Condition 1] <i>[specify other]</i>
Cash Amount:	[As specified in Product Condition 1] <i>[specify other]</i>
Index:	[] (Bloomberg Page: [])
Current Financing Level on the Launch Date:	[]
Current Spread on the Launch Date:	[]
Emerging Market Disruption Events:	[As stated in Product Condition 1] <i>[specify other]</i>
Entitlement:	[]
Exercise Time:	[10.00am Central European Time]
Final Reference Price:	[As specified in Product Condition 1] <i>[specify other]</i>
Financing Level Currency:	[]
Issuer Call Commencement Date:	[one Business Day following the Launch Date][the first Business Day that is three calendar months following the Launch Date]
Issuer Call Notice Period:	[one year]
Maximum Spread:	[]
Notional Dividend Amount:	[Applicable] [Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] <i>[specify other]</i>
Relevant Number of Trading Days:	For the purposes 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]
Securities Exchange:	[Euronext Amsterdam by NYSE Euronext] <i>[specify other]</i>
Settlement Currency:	[]

Settlement Date: [Up to the fifth Business Day following the Valuation Date or the Issuer Call Date, as the case may be]

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

Stop Loss Event: [As specified in Product Condition 1][*specify other*]

Stop Loss Level Rounding: [[upwards]¹ [downwards]² to the next [two] decimal places [(or, where the Financing Level Currency is JPY, one decimal place) of the Financing Level Currency]] [*specify other*]

Valuation Date(s): [The last Trading Day of March in each year, commencing at least one calendar year after the][Launch] [Date]

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

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

Amendments to the Offering Procedure for the Securities: []

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

ISIN: []

¹ if long certificate
² if short certificate

Common Code: []

Fondscod: []

Other Securities Code: [*Symbol:*]

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

INFORMATION ON THE UNDERLYING

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

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

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

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

Series: [*Index*] *Open End Booster* [*Long*][*Short*] *Certificates Series* []

[*repeat as above for each new Series*]

LaunchPAD Programme

Supplementary Prospectus dated 28 March 2012

**FOURTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.
(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.
LaunchPAD Programme
(the “**Programme**”)

-
- 1 This supplement dated 28 March 2012 (this “**Supplement**”) constitutes the fourteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
 - 2 Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
 - 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 28 March 2012, RBS Holdings N.V. (“**RBS Holdings**”) and the Issuer published their registration document dated 28 March 2012 (the “**Registration Document**”).
- 7 On 23 March 2012, RBS Holdings published its annual report for the year ended 31 December 2011 (the “**2011 Annual Report of RBS Holdings**”) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with the International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 107 to 213 of the 2011 Annual Report of RBS Holdings and the auditor's report thereon appears on page 215 of the 2011 Annual Report of RBS Holdings.
- 8 On 26 March 2012, The Royal Bank of Scotland plc (“**RBS**”) published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) its annual report and accounts for the year ended 31 December 2011 (the “**2011 Annual Report and Accounts of RBS**”).
- 9 On 9 March 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via RNS its annual report and accounts for the year ended 31 December 2011 (the “**2011 Annual Report and Accounts of RBSG**”).
- 10 By virtue of this Supplement, the following documents (or sections of documents, as the case may be) shall be deemed to be incorporated in, and form part of, each of the Base Prospectuses:
 - 10.1 the Registration Document;
 - 10.2 the 2011 Annual Report of RBS Holdings (excluding the sections headed “Business Review — Risk Factors” on page 10 and “Additional Information — Risk factors” on pages 236 to 245);
 - 10.3 the 2011 Annual Report and Accounts of RBS (excluding the sections headed “Financial review — Risk factors” on page 6 and “Additional information — Risk factors” on page 283 to 296); and
 - 10.4 the following sections of the 2011 Annual Report and Accounts of RBSG:
 - (i) Independent auditor’s report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;

- (xi) Chairman’s statement on page 9;
- (xii) Group Chief Executive’s review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors’ remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors’ interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

10.5 the press release entitled “Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc: Dutch Scheme” (excluding the sections entitled “Unaudited pro forma condensed consolidated financial information relating to RBSH Group”, “Unaudited pro forma condensed consolidated balance sheet as at 31 December 2011”, “Unaudited pro forma condensed consolidated statement of income for the year ended 31 December 2011” and “Notes to pro forma financial information relating to RBSH Group” set out in the Appendix thereto) which was published by RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. via RNS on 26 March 2012.

11 The following amendments are made to each of the Base Prospectuses as a result of the publication (and incorporation by reference into each of the Base Prospectuses, by virtue of this Supplement) of the Registration Document, the 2011 Annual Report and Accounts of RBS Holdings, the 2011 Annual Report and Accounts of RBS and the 2011 Annual Report and Accounts of RBSG:

- 11.1 the section headed “Overview” in the section entitled “Summary” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 1;
- 11.2 the last paragraph under the heading “Group Organisational Structure” in the section entitled “Summary” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 2;

- 11.3 the paragraph set out in Schedule 3 shall be inserted between the second from last and penultimate paragraphs in the sub-section entitled “ABN AMRO” in the section entitled “Summary”;
- 11.4 the bullet risk factors under the heading “Part A: In relation to RBS N.V.” in the sub-section entitled “Risk Factors – Risks Relating to the Issuer” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 4;
- 11.5 the following documents (or sections of documents, as the case may be) shall no longer be incorporated by reference:
- 11.5.1 the unaudited annual results of RBSG for the year ended 31 December 2011, which were published via RNS on 23 February 2012;
 - 11.5.2 the registration document of RBS Holdings and the Issuer dated 31 August 2011;
 - 11.5.3 the unaudited interim results of RBS Holdings for the half year ended 30 June 2011, which were published via RNS on 31 August 2011;
 - 11.5.4 the unaudited Interim Results 2011 of RBS for the six months ended 30 June 2011, which were published via RNS on 26 August 2011;
 - 11.5.5 all sections previously incorporated by reference, of the 2009 annual report and accounts of RBS (including the audited consolidated financial statements of RBS, together with the audit report thereon) for the year ended 31 December 2009, which were published via RNS on 9 April 2010;
 - 11.5.6 all sections previously incorporated by reference, of the 2009 annual report and accounts of RBSG, which were published via RNS on 18 March 2010;
 - 11.5.7 the sub-section entitled “Assets, owners’ equity and capital ratios” in the section of the RBS registration document dated 24 February 2012 (the “**RBS Registration Document**”) entitled “Description of the Royal Bank of Scotland plc”; and
 - 11.5.8 the sub-section entitled “No Significant Change and No Material Adverse Change” in the section of the RBS Registration Document entitled “General Information”;
- 11.6 the sub-section entitled “No Significant Change and No Material Adverse Change” at the end of the section entitled “Form of Final Terms” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 5; and
- 11.7 a new sub-section entitled “PART B: IN RELATION TO RBS” shall be inserted at the end of the section entitled “General Information”, as set out in Schedule 6.
- 12** By virtue of paragraphs 10 and 11.5 of this Supplement, the section in each of the Base Prospectuses headed “Documents Incorporated by Reference” shall be deleted in its entirety and replaced with the amended version of such section as set out in Schedule 7 to this Supplement.
- 13** A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses 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, email investor.relations@rbs.com.
- 14** If the documents which are incorporated by reference in each of the Base Prospectuses 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 any of the Base Prospectuses for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, each of the Base Prospectuses by virtue of this Supplement.

- 15** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 16** Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

Schedule 1

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. The Group had total consolidated assets of €146.7 billion and owner's equity of €3.318 billion as at 31 December 2011. The Group's capital ratios as at 31 December 2011 were a total capital ratio of 17.5 per cent., a Core Tier 1 capital ratio of 8.4 per cent. and a Tier 1 capital ratio of 12.0 per cent.

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 principal subsidiaries, RBS and National Westminster Bank Plc ("**NatWest**"). Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the RBSG Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The RBSG Group had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The RBSG Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The RBS Group had total assets of £1,432.8 billion and owners' equity of £61.7 billion as at 31 December 2011. The RBS Group's capital ratios as at 31 December 2011 were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Schedule 2

These RBS N.V. businesses are part of global business units of the RBSG 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 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 the end of 2013 and during the course of 2010 and 2011, it concluded the sales of businesses in Latin America, Asia, Europe and the Middle East.

In January 2012, the RBSG Group announced changes to its wholesale banking operations in light of a changed market and regulatory environment. The changes will see the reorganisation of the RBSG Group's wholesale businesses into 'Markets' and 'International Banking' and the exit and downsizing of selected activities. The changes will ensure the wholesale businesses continue to deliver against the RBSG Group's strategy.

Schedule 3

On 26 March 2012, the Group announced that (1) RBS N.V. (as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the “**Proposals**”). Upon implementation of the Proposals, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain EMEA branches of RBS N.V. (the “**Transferring Businesses**”) will be transferred to RBS. The Proposals will be implemented by the demerger of the Transferring Businesses into RBS II B.V. (a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme (as defined below)) by way of a Dutch statutory demerger (the “**Demerger**”), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the “**Merger**” and, together with the Demerger, the “**Dutch Scheme**”). RBS and RBS N.V. have discussed the Dutch Scheme in detail with De Nederlandsche Bank and the Financial Services Authority. Implementation of the Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. Subject to these matters, it is expected that the Dutch Scheme will take effect on 9 July 2012.

Schedule 4

- The Group is reliant on the RBSG Group.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.
- 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 and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.
- 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 financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- 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 Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- 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 its business and results of operations may be adversely affected.
- 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, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- 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.
- Operational risks are inherent in the Group's businesses.
- The Group's operations have inherent reputational risk.
- 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.
- Risks relating to the Asset Protection Scheme and the Contracts.
- The extensive governance, asset management and information requirements under the Scheme Conditions, which the Group is required to comply with, or to ensure that RBS can comply with, pursuant to the Contracts may have an adverse impact on the Group and the expected benefits of the Asset Protection Scheme.
- Any changes to the expected regulatory capital treatment of the Contracts may have a material adverse impact on the Group.
- 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. A similar cross liability will also arise in connection with the Dutch Scheme.

Schedule 5

No Significant Change and No Material Adverse Change

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the Group has been published); and

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2011 (the date of the last published audited financial information of the Group).

Schedule 6

PART B: IN RELATION TO RBS

Recent Developments

Assets, Owners' Equity and Capital Ratios

The RBSG Group had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The RBSG Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The RBS Group had total assets of £1,432.8 billion and owners' equity of £61.7 billion as at 31 December 2011. The RBS Group's capital ratios as at 31 December 2011 were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

No Significant Change and No Material Adverse Change

There has been no significant change in the financial position of the RBS Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information has been published).

There has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2011 (the date of the last published audited financial information of the RBS Group).

Schedule 7

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the “**Competent Authority**”) shall be deemed to be incorporated in, and to form part of, each Base Prospectus:

PART A: IN RELATION TO RBS N.V.

1. The registration document of RBS Holdings N.V. (“**RBS Holdings**”) and the Issuer dated 28 March 2012 (the “**Registration Document**”).
2. The relevant prospectus dated 1 July 2010 relating to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants (excluding the sections entitled “Summary” and “Form of Final Terms”).
3. The 2011 Annual Report of RBS Holdings (excluding the sections headed “Business Review - Risk factors” on page 10 and the section headed “Additional Information – Risk factors” on pages 236 to 245) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011.
4. The 2010 Annual Report of RBS Holdings (excluding the sections headed “Business Review - Risk factors” on page 9 and the section headed “Additional Information – Risk factors” on pages 221 to 231) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010.
5. The Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus.
6. the press release entitled “Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc: Dutch Scheme” (excluding the sections entitled “Unaudited pro forma condensed consolidated financial information relating to RBSH Group”, “Unaudited pro forma condensed consolidated balance sheet as at 31 December 2011”, “Unaudited pro forma condensed consolidated statement of income for the year ended 31 December 2011” and “Notes to pro forma financial information relating to RBSH Group” set out in the Appendix thereto) which was published by RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. via RNS on 26 March 2012.

PART B: IN RELATION TO RBS

1. The registration document of RBS dated 24 February 2012, which was published via which was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 24 February 2012 (the “**RBS Registration Document**”), excluding:
 - (i) the sub-section entitled “Assets, owners’ equity and capital ratios” on page 26;

- (ii) the sub-section entitled “No Significant Change and No Material Adverse Change” on page 63; and
 - (iii) the sub-section entitled “Material Contracts” on page 64.
2. The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections headed “Financial review — Risk factors” on page 5 and “Additional information — Risk factors” on pages 283 to 296) published on 26 March 2012.
 3. The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections headed “Financial Review — Risk factors” on page 5 and “Additional Information — Risk Factors” on pages 238 to 254) published on 15 April 2011.
 4. The following sections of the 2011 annual report and accounts of RBSG which was published by RBSG on 9 March 2012:
 - (i) Independent auditor’s report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman’s statement on page 9;
 - (xii) Group Chief Executive’s review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors’ remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors’ interests in shares on page 303;

- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

5. The following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 8 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 49 to 224;
- (xvi) Report of the Directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;

- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439.

PART C: IN RELATION TO BOTH RBS N.V. AND RBS

If the documents which are incorporated by reference in this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this 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.

In relation to those documents of which only part thereof is incorporated by reference in this Base Prospectus, those parts of such documents which are not incorporated either are not relevant for the investor or are covered elsewhere in this Base Prospectus.

Copies of the above documents:

- are accessible at <http://markets.rbs.com/bparchive>; or
- can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com; or
- can be obtained (in the case of the Part A documents for RBS N.V.) at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and (in the case of the Part B documents for RBS) the registered office of RBS at 36 St Andrew Square, Edinburgh EH2 2YB.

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.

This Base Prospectus and any supplement will be valid for listing Securities on Euronext Amsterdam by NYSE Euronext and/or any other exchange in an unlimited aggregate nominal amount.

MATERIAL CHANGES

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 or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

LaunchPAD Programme

Supplementary Prospectus dated 24 February 2012

**THIRTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

-
- 1** This supplement dated 24 February 2012 (this “**Supplement**”) constitutes the thirteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
 - 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
 - 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 23 February 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) its unaudited annual results for the year ended 31 December 2011 (the “**2011 Annual Results of RBSG**”).
- 7 On 24 February 2012, the Royal Bank of Scotland plc (“**RBS**”) published via RNS, a registration document dated 24 February 2012 (the “**RBS Registration Document**”).
- 8 On 24 February 2012, the RBSG published via RNS, a registration document dated 24 February 2012 (the “**RBSG Registration Document**”).
- 9 By virtue of this Supplement, the following documents (or sections of documents, as the case may be) shall be deemed to be incorporated in, and form part, of each of the Base Prospectuses:
 - 9.1 the 2011 Annual Results of RBSG;
 - 9.2 the RBS Registration Document; and
 - 9.3 the section headed “Risk Factors” on pages 3 to 25 of the RBSG Registration Document.
- 10 The following amendments are made to each of the Base Prospectuses as a result of the publication (and incorporation by reference into each of the Base Prospectuses, by virtue of this Supplement) of the 2011 Annual Results of RBSG and the RBS Registration Document:
 - 10.1 the second from last and penultimate paragraphs under the heading “Overview” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 1;
 - 10.2 the sub-sections entitled “Separation from the ABN AMRO Group” and “Proposed transfer of activities” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 2;
 - 10.3 the bullet risk factors under the heading “Part B: In relation to RBS N.V. and RBS” in the sub-section entitled “Risk Factors – Risks Relating to the Issuer” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 3;
 - 10.4 the following documents (or sections of documents, as the case may be) shall no longer be incorporated by reference:
 - 10.4.1 the press release headed “The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities” published via RNS on 20 October 2009;
 - 10.4.2 the following sections of the Shareholder Circular published by RBSG on 27 November 2009:
 - (i) “Financial Information” on page 5;
 - (ii) “Part I – Letter From the Chairman of RBS” on pages 10 to 20;

- (iii) “Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share” on pages 76 to 84;
 - (iv) “Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan” on pages 85 to 86;
 - (v) “Part VI – Definitions” on pages 121 to 133; and
 - (vi) “Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share” on pages 134 to 170;
- 10.4.3 the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being “pro forma” in the 2010 annual report and accounts of RBSG, which were published by RBSG via RNS on 17 March 2011;
- 10.4.4 the press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” (excluding (i) the statement therein which reads “Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement” and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011;
- 10.4.5 the press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by the Issuer on 22 July 2011;
- 10.4.6 the registration document of RBS dated 5 August 2011, which was published via RNS on 5 August 2011;
- 10.4.7 the section headed “Risk Factors” of the registration document of RBSG dated 5 August 2011, which was published via RNS on 5 August 2011;
- 10.4.8 the unaudited Interim Results 2011 of RBSG for the six months ended 30 June 2011, which were published via RNS on 5 August 2011; and
- 10.4.9 the unaudited “Interim Management Statement Q3 2011” of RBSG for the third quarter ended 30 September 2011, which was published via RNS on 4 November 2011;
- 10.5 the sub-section entitled “Unaudited Pro Forma Financial Information” under the section entitled “Documents Incorporated by reference” shall be deleted in its entirety; and
- 10.6 the sub-section entitled “PART B: IN RELATION TO RBS” in the section entitled “General Information” shall be deleted in its entirety.
- 11** By virtue of this Supplement, the paragraph entitled “Payments on the Securities may be subject to U.S. withholding tax and/or early termination on account of U.S. withholding tax” in the sub-section entitled “Factors which are material for the purpose of assessing the market risks associated with Securities issued” under the section headed “Risk Factors”, shall be deleted in its entirety and replaced by the paragraph set out in Schedule 4.
- 12** The following update applies to each Base Prospectus, except the Certificates Base Prospectus: by virtue of this Supplement, the sub-section entitled “United States” under the section entitled “Taxation”, shall be deleted in its entirety.
- 13** The following update applies only to the Certificates Base Prospectus: By virtue of this Supplement, the following changes are deemed to be made in the sub-section entitled “The United States of America” under the section entitled “Taxation”:

- 13.1 the paragraph entitled “Withholding on Dividend Equivalent Payments” shall be deleted in its entirety and replaced with the paragraph set out in Schedule 5; and
- 13.2 the sub-section entitled “FATCA Withholding” shall be deleted in its entirety.
- 14** A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses 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, email investor.relations@rbs.com.
- 15** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 16** Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

Schedule 1

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 principal subsidiaries, RBS and National Westminster Bank Plc (“**NatWest**”). Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group’s subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the RBSG Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The RBSG Group had total assets of £1,507 billion and owners’ equity of £75 billion as at 31 December 2011. The RBSG Group’s capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

Schedule 2

ABN AMRO

In 2007, RFS Holdings B.V., which was jointly owned by the RBSG Group, the Dutch State (successor to Fortis Bank Nederland (Holding) N.V.) and Banco Santander, S.A. (together, the “**Consortium Members**”), completed the acquisition of ABN AMRO Holding N.V.

On 6 February 2010, the businesses of ABN AMRO Holding N.V. acquired by the Dutch State were legally demerged to a newly established company, ABN AMRO Bank N.V, which on 1 April 2010 was transferred to ABN AMRO Group N.V., itself owned by the Dutch State.

Following legal separation, RBS Holdings (formerly ABN AMRO Holding N.V.) has one operating subsidiary, RBS N.V., a fully operational bank within the RBSG Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank. Certain assets within RBS N.V. continue to be shared by the Consortium Members.

On 19 April 2011, the RBSG Group announced the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the “**Proposed Transfers**”). Subject to, among other matters, regulatory and other approvals, it is expected that the transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the transfers is expected to have taken place by the end of 2012.

On 17 October 2011, the RBSG Group completed the transfer of a substantial part of the UK activities of RBS N.V. to RBS pursuant to Part VII of the UK Financial Services and Markets Act 2000.

Approximately 98 per cent. of the issued share capital of RFS Holdings B.V. is now held by the RBSG Group.

Schedule 3

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009 which may result in various actions being taken in relation to any securities issued by RBS.
- The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the RBSG Group.
- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- The RBSG 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.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- 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 RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.

- The RBSG 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 RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The RBSG 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.
- Operational risks are inherent in the RBSG Group's businesses.
- HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- RBSG Group's insurance businesses are subject to inherent risks involving claims.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the RBSG Group and the expected benefits of the asset protection scheme.

- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares or the contingent B shares may have a material adverse impact on the RBSG Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the RBS Group's results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.

Schedule 4

Payments on the Securities may be subject to U.S. withholding tax and/or early termination on account of U.S. withholding tax

Due to recently enacted U.S. legislation, payments on any Security that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”) may become subject to a 30% U.S. withholding tax when made to a beneficial owner that is not: (i) a citizen or individual resident of the United States, as defined in Section 7701(b) of the U.S. Internal Revenue Code, (ii) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (y) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person, (a “**Non-U.S. holder**”). The imposition of this U.S. withholding tax will reduce the amounts received by Non-U.S. holders. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of such U.S. withholding. Additionally, the Issuer may elect to terminate the Securities, in accordance with General Condition 3(b), should this U.S. withholding tax apply to any current or future payments on the Security. If a Non-U.S. holder becomes subject to this withholding tax, the Non-U.S. holder may be able to claim an exemption under its applicable double tax treaty. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change.

Schedule 5

Withholding on Dividend Equivalent Payments

Recently enacted U.S. legislation imposes a 30% U.S. withholding tax on payments that are directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”). The type of payments that constitute Dividend Equivalent Payments subject to this withholding tax is not entirely clear. Payments on Securities (including, but not limited to, the Equity Certificates) with equity in U.S. entities, or indices that include equity in U.S. entities, as the Underlying, or that reference dividend payments made by U.S. entities, could become subject to this withholding tax. Non-U.S. holders may be able to claim the benefits of a double tax treaty to reduce this withholding. Additionally, amounts paid pursuant to an early termination made in accordance with General Condition 3(b) could be subject to withholding if they are deemed to be Dividend Equivalent Payments. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of any U.S. withholding imposed on any Dividend Equivalent Payment. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change. Non-U.S. holders should consult their tax advisers about possibility of U.S. withholding on payments made on Securities (including, but not limited to, the Equity Certificates).

LaunchPAD Programme

Supplementary Prospectus dated 13 January 2012

**TWELFTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This supplement dated 13 January 2012 (this “**Supplement**”) constitutes the twelfth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 12 January 2012, The Royal Bank of Scotland Group plc announced details of strategic and organisational changes in its investment banking and wholesale businesses, which announcement was approved by, or filed with, the United Kingdom Financial Services Authority (the “FSA”) and published via the Regulatory News Service of the London Stock Exchange plc on 12 January 2012 (the “Announcement”).
- 7 By virtue of this Supplement, the Announcement, which has been (1) previously published and (2) approved by the FSA or filed with it, shall be deemed to be incorporated in, and form part, of each of the Base Prospectuses.
- 8 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses 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, email investor.relations@rbs.com.
- 9 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 10 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 1 December 2011

**ELEVENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.

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

(the “**Issuer**” or “**RBS N.V.**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

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- 1** This supplement dated 1 December 2011 (this “**Supplement**”) constitutes the eleventh supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
 - 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
 - 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses 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 By virtue of this Supplement, in the sub-section entitled “Ratings” in the section entitled “General Information – Part A: In relation to RBS N.V.” in each of the Base Prospectuses, the following changes shall be made:
 - 6.1 the first sentence of the second paragraph shall be deleted and replaced with the following:

“Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS N.V. “BBB-”; and undated tier 2 notes issued by RBS N.V. “BB+”.”;
 - 6.2 the words “the publication entitled “Standard & Poor’s Ratings Definitions – 27 April 2011” published by Standard & Poor’s” in the sixth paragraph shall be deleted and replaced with the following:

“the publication entitled “Standard & Poor’s Ratings Definitions – 1 November 2011” published by Standard & Poor’s”.
- 7 By virtue of this Supplement, in the sub-section entitled “Ratings” in the section entitled “General Information – Part B: In relation to RBS” in each of the Base Prospectuses, the following changes shall be made:
 - 7.1 the first sentence of the second paragraph shall be deleted and replaced with the following:

“Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “A”; senior notes issued by RBS with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS “BBB-”; and undated tier 2 notes issued by RBS “BB+”.”;
 - 7.2 the words “the publication entitled “Standard & Poor’s Ratings Definitions – 27 April 2011” published by Standard & Poor’s” in the sixth paragraph shall be deleted and replaced with the following:

“the publication entitled “Standard & Poor’s Ratings Definitions – 1 November 2011” published by Standard & Poor’s”.
- 8 For the avoidance of doubt, references to the second paragraph and the sixth paragraph in sections 6 and 7 above are to them as amended by sections 10 and 12 of the ninth supplement to the Base Prospectuses dated 8 November 2011 (the “**Ninth Supplement**”).
- 9 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the “**Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc. The Registration Document is incorporated by reference in each of the Base Prospectuses and has previously been filed with the AFM.
- 10 By virtue of this Supplement:

- 10.1 the fifth paragraph in the sub-section entitled “Other investigations” under the section entitled “Description of the Royal Bank of Scotland plc - Investigations” on pages 42 and 43 of the Registration Document, shall no longer be incorporated by reference in each of the Base Prospectuses; and
- 10.2 the following shall be inserted after the sub-section entitled “Recent Developments - Litigation - Other securitisation and securities related litigation in the United States” in the section entitled “General Information – Part A: In relation to RBS” (which sub-section was incorporated into each of the Base Prospectuses by virtue of the section 15 of the Ninth Supplement) in each of the Base Prospectuses:

“Other Investigations

In July 2010, the FSA notified the RBSG Group that it was commencing an investigation into the sale by Coutts & Co of the ALICO (American Life Insurance Company) Premier Access Bond Enhanced Variable Rate Fund (“EVRF”) to customers between 2001 and 2008 as well as its subsequent review of those sales. Subsequently on 11 January 2011, the FSA revised the investigation start date to December 2003.

On 8 November 2011, the FSA published its Final Notice having reached a settlement with Coutts & Co, under which Coutts & Co agreed to pay a fine of £6.3 million. The FSA did not make any findings on the suitability of advice given in individual cases. Nonetheless, in order to address the possibility that unsuitable advice may potentially have been given in relation to the EVRF, Coutts & Co has agreed to undertake a past business review of its sales of the product. This review will be overseen by an independent third party and will consider the advice given to customers invested in the EVRF as at the date of its suspension, 15 September 2008. As part of the review, Coutts & Co may identify clients affected by the FSA’s findings and will offer them redress.”.

- 11 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses 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, email investor.relations@rbs.com.
- 12 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 13 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 9 November 2011

TENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1 This Supplement dated 9 November 2011 (this **Supplement**) constitutes the tenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 The following amendments are made to the Base Prospectus by virtue of this Supplement:
- 6.1 in the section entitled “Summary – Risk Factors – Risks Relating to the Securities”, after the bullet point risk factor which reads:
- “The Issuer may make modifications to the Securities without the consent of the Holders which may affect the Holders’ interest for the purpose of curing an error or ambiguity, substituting itself as debtor or in any other manner which is not materially prejudicial to the interests of the Holders.”,
- the following shall be inserted as a new bullet point risk factor:
- “The amounts which Holders receive in respect of their Securities may be affected in the event that the Issuer substitutes another entity for itself as issuer.”;
- 6.2 in the section entitled “Risk Factors”, after the risk factor entitled “Modification, waivers and substitution”, the following shall be inserted as a new risk factor:
- “The amounts which Holders receive in respect of their Securities may be affected in the event that the Issuer substitutes another entity for itself as issuer***
- The amounts which Holders receive in respect of their Securities may be affected in the event that the Issuer substitutes another entity for itself as issuer of the Securities under General Condition 8. Securities may provide for payments of amounts (either on an ongoing basis or on maturity) reflecting dividends or distributions in respect of certain underlying shares, funds or reference assets, net of certain taxes. The amounts of such taxes may potentially be affected in the event that the Issuer substitutes another entity for itself as issuer of the Securities under General Condition 8, for example as a result of a different double tax treaty becoming relevant, or as a result of credits or refunds no longer being available for the purposes of Dutch corporate income tax, which could result in the Holder receiving lesser (or potentially, in certain circumstances, greater) amounts under the Securities.”; and
- 6.3 the section set out in the Schedule to this Supplement shall be added as a new section to the Base Prospectus immediately following the section entitled “Conditions: General Conditions”.
- 7 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 8 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 9 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

GENERAL CONDITIONS: SUBSTITUTION CONDITIONS

1. DEFINITIONS AND INTERPRETATION

- (a) Terms in capitals which are not defined in these Substitution Conditions shall have the meanings ascribed to them in the General Conditions, the Product Conditions or the applicable Final Terms.
- (b) The Substitution Conditions are intended to address the possible changes which (if applicable) would be deemed to be made to the General Conditions, the Product Conditions and the Form of Final Terms in the event of a substitution of the Issuer (as more particularly described in section 2 below). In the event that any capitalised terms used in these Substitution Conditions (which are not otherwise defined in these Substitution Conditions) are not defined in any of the General Conditions, the Product Conditions or the applicable Final Terms, such terms shall be inapplicable.

2. APPLICATION

In the event of a substitution of the Issuer in accordance with General Condition 8(a)(i) and the Substitute is RBS, the General Conditions, the Product Conditions and the Form of Final Terms shall be deemed to be amended, upon such substitution, as set out below:

- (a) Any reference (however worded and whether express or implied) in the General Conditions or the relevant Product Conditions to:
 - (i) RBS N.V. (or any former name of RBS N.V.) shall, unless the context requires that a reference also continues to be made to RBS N.V. (or any former name of RBS N.V.), be construed as a reference to RBS and any reference to RBS N.V.'s company registration and contact details shall be substituted by a reference to the RBS's company registration and contact details or such contact details as the RBS shall direct;
 - (ii) any director, officer, representative or employee of RBS N.V., shall be construed as a reference to the directors, officers, representatives or employees of RBS or to such director, officer, representative or employee of RBS as RBS may nominate for that purpose;
 - (iii) a rate, charge, tariff or scale of fees or to terms or conditions published, determined, ascertained, varied or amended from time to time by RBS N.V.

shall afford to RBS the same right under the General Conditions and/or the relevant Product Conditions as RBS N.V. had to publish, determine, ascertain, vary or amend such rates, charges, tariffs, scales of fees, terms or conditions;

- (iv) “De Nederlandsche Bank” or “DNB” shall be construed as a reference to the Financial Services Authority (or such successor governmental department, regulatory authority or other official body from time to time exercising supervisory powers in relation to financial services in the United Kingdom) unless such reference relates to past consents, authorisations, approvals and/or decisions of DNB or the context requires otherwise; and
 - (v) a website of RBS N.V. or the website “www.abnamro.com” shall be construed as a reference to the equivalent website of RBS.
- (b) Where the relevant Product Conditions include a definition of “Dividend Amount” and/or “Notional Dividend Amount” and/or “Applicable Dividends”, to the extent that the cash dividends and/or other cash distributions in respect of the relevant Share or Fund (as applicable) are subject to Dutch dividend withholding tax as a result of being paid by a Dutch resident company within the meaning of article 1, paragraph 1 of the Dutch Act on Dividend Tax 1965 (*Wet op de dividendbelasting 1965*) (or any replacement legislation), references to “net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty without regard to any tax credits” in the definition of “Dividend Amount” or “Notional Dividend Amount”, as applicable, or to “net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty and without reference to tax credits” in the definition of “Applicable Dividends” shall mean “net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty having regard to any tax credits or refunds for the purposes of Dutch corporate income tax under article 25, paragraph 1 of the Dutch Act on Corporate Taxation 1969 (*Wet op de vennootschapsbelasting 1969*) (or any replacement legislation) which the Issuer determines in its absolute discretion has been or will be obtained in relation to such withholding tax (without reference to any relevant double tax treaty), but otherwise without regard to any other tax credits or refunds”. For the avoidance of doubt, any substitution of the Issuer in accordance with General Condition 8 shall not mean that references above to “Dutch” are to be read as references to any other jurisdiction.
- (c) Where the General Conditions or relevant Product Conditions specify an event of default referable to:

- (i) the winding-up, liquidation or bankruptcy of the issuer; and
- (ii) a declaration in respect of the issuer being made under Chapter X of the Dutch 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*) or under Chapter 3.5 or 3.5.5 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*),

or words or expressions to similar effect, such references shall instead be deemed to refer to the issuer becoming subject to (a) bank administration or bank insolvency under the United Kingdom Banking Act 2009 or (b) administration or liquidation under the United Kingdom Insolvency Act 1986, but shall be deemed to exclude any order or resolution for the solvent liquidation of the issuer which is made or passed in connection with a merger, consolidation or other form of combination with another company where such company assumes all obligations contracted by the issuer in connection with the relevant Security.

(d) Where the General Conditions, Product Conditions or Form of Final Terms refer to:

- (i) RBS N.V. acting through “its London branch at 250 Bishopsgate, London EC2M 4AA” (or make substantially similar provision), such references shall be replaced by references to RBS acting through “its principal office at 250 Bishopsgate, London EC2M 4AA or its principal office in London for the time being”;
- (ii) RBS N.V. acting through “its principal office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands” or “its principal office at Gustav Mahlerlaan 350, 1082 ME Amsterdam, The Netherlands” (or make substantially similar provision), such references shall be replaced by references to RBS acting through “its Amsterdam branch” or if such branch is not in existence, such references shall be made instead to RBS without reference to a branch; and
- (iii) “The Royal Bank of Scotland N.V., Amsterdam”, such references shall be replaced by references to “The Royal Bank of Scotland plc, Edinburgh”.

LaunchPAD Programme

Supplementary Prospectus dated 8 November 2011

NINTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS



THE ROYAL BANK OF SCOTLAND N.V.

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

(the “**Issuer**” or “**RBS N.V.**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This Supplement dated 8 November 2011 (this “**Supplement**”) constitutes the ninth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses 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 each of the Base Prospectuses 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, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectuses have the same meanings when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under any of the Base Prospectuses 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 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the “**RBS Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”). The RBS Registration Document is incorporated by reference in each of the Base Prospectuses and has previously been filed with the AFM.
- 7 On 4 November 2011, the unaudited “Interim Management Statement Q3 2011” of The Royal Bank of Scotland Group plc (the “**RBSG Interim Management Statement**”) for the third quarter ended 30 September 2011 was published via RNS.
- 8 By virtue of this Supplement, the RBSG Interim Management Statement shall be deemed to be incorporated in, and form part of, each of the Base Prospectuses.
- 9 By virtue of this Supplement, the fourth through to the tenth paragraph (inclusive) of the section of the RBS Registration Document entitled “Introduction” shall no longer be incorporated by reference in any of the Base Prospectuses.
- 10 By virtue of this Supplement, the paragraphs under the sub-section entitled “Ratings” in the section of each of the Base Prospectuses entitled “General Information – Part A: In relation to RBS N.V.”, shall be deleted in their entirety and replaced with the following:

“Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A+”; senior notes issued by RBS N.V. with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS N.V. “BBB+”; and undated tier 2 notes issued by RBS N.V. “BB+”. Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A2”; senior notes issued by RBS N.V. with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis.

As defined by Standard & Poor’s, an “A” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an “A-1” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A “BBB” rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer’s inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by

Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an "A" rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "2" indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions - 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - July 2011" published by Moody's (available at www.moody's.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS N.V. is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part A), including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 11 For the avoidance of doubt, section 10 above supersedes the provisions of sections 7.21 and 7.22 of the eighth supplement to each of the Base Prospectuses dated 14 October 2011.
- 12 By virtue of this Supplement, the paragraphs under the sub-section entitled "Ratings" in the section of each of the Base Prospectuses entitled "General Information – Part B: In relation to RBS", shall be deleted in their entirety and replaced with the following:

"Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A+"; senior notes issued by RBS with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS "BBB+"; and undated tier 2 notes issued by RBS "BB+". Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A"; senior notes issued by RBS with a maturity of less than one year "F1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis. Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A2"; senior notes issued by RBS with a maturity of less than one year "P-1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Standard & Poor's, an "A" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an "A-1" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A "BBB" rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A "BB" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer's inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an "A" rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "2" indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions - 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - July 2011" published by Moody's (available at www.moody's.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part B), including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 13 For the avoidance of doubt, section 12 above supersedes the provisions of (i) section 7.4 of the seventh supplement to each of the Base Prospectuses dated 11 October 2011 and (ii) (a) section 7.27 of the eighth supplement to the Base Prospectus relating to the issuance of Certificates dated 14 October 2011 (the "**Certificates Base Prospectus**") and (b) section 7.26 of the eighth supplement to each of the Base Prospectuses excluding the Certificates Base Prospectus dated 14 October 2011, which sections shall, by virtue of this Supplement, no longer apply.
- 14 By virtue of this Supplement, the sub-section entitled "Other securitisation and securities related litigation in the United States" in the section of the RBS Registration Document entitled "Description of The Royal Bank of Scotland plc – Litigation" shall no longer be incorporated by reference in any of the Base Prospectuses.

- 15 By virtue of this Supplement, the sub-section entitled “Litigation” in the section of each of the Base Prospectuses entitled “General Information - Part B: In relation to RBS – Recent Developments” shall be deleted in its entirety and replaced with the following:

“Litigation - Other securitisation and securities related litigation in the United States

RBSG Group companies have been named as defendants in their various roles as issuer, depositor and/or underwriter in a number of claims in the United States that relate to the securitisation and securities underwriting businesses. These cases include purported class action suits and actions by individual purchasers of securities. The cases involve the issuance of mortgage-backed securities and/or collateralised debt obligations for more than US\$35 billion of securities issued by over 100 securitisation trusts. Although the allegations vary by claim, in general, plaintiffs in these actions claim that certain disclosures made in connection with the relevant offerings of such securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued.

In many of these actions, the RBSG Group has contractual rights to indemnification from the issuers of the securities (where an RBSG Group company is underwriter) and/or the underlying mortgage originator (where an RBSG Group company is issuer), but certain of those indemnity rights may prove effectively unenforceable where the issuers or originators are defunct or otherwise unable to perform.

Certain other institutional investors have threatened to assert claims against the RBSG Group in connection with various mortgage-related offerings. The RBSG Group cannot predict with any certainty whether any of these individual investors will pursue these threatened claims.

With respect to all of these mortgage-backed securities related claims, the RBSG Group considers that it has substantial and credible legal and factual defences to these claims and will continue to defend them vigorously. The RBSG Group cannot predict the outcome of these claims at this stage and is unable reliably to estimate the liability, if any, that may arise, or its effect on the RBSG Group’s consolidated net assets, operating results or cash flows in any particular period.

In addition to the above, on 2 September 2011, the US Federal Housing Finance Agency (“**FHFA**”) as conservator for the Federal National Mortgage Association (“**Fannie Mae**”) and the Federal Home Loan Mortgage Company (“**Freddie Mac**”) filed 17 lawsuits in the United States against a number of international banks and individual defendants, including RBSG, certain other RBSG Group companies and five individual officers and directors of the RBSG Group’s subsidiaries.

The lawsuits involve allegations that certain disclosures made in connection with the relevant offering or underwriting of securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued. RBSG Group entities are named as defendants in their capacities as issuers and underwriters of securities, not as originators of any underlying mortgage loans. The plaintiffs’ claims against the RBSG Group are currently unquantified.

The FHFA primary lawsuit against RBSG Group entities relates to approximately US\$32 billion of AAA rated RMBS issuance during the period 2005-2008 pursuant to which RBSG Group entities acted as sponsor/depositor and/or lead underwriter. The aggregate principal amount has been reduced to approximately US\$14 billion outstanding by repayments and recoveries of approximately US\$18 billion and losses to date of approximately US\$0.2 billion.

FHFA has also filed five lawsuits against each of Ally Financial Group, Countrywide Financial Corporation, JP Morgan, Morgan Stanley and Nomura in relation to some of the offerings where an RBSG Group entity acted as underwriter and is named amongst the defendants.

RBSG Group entities believe they have a variety of substantial and credible legal and factual defences available to all of the FHFA lawsuits and the RBSG Group will defend each of the matters vigorously. Additionally, RBSG Group entities potentially have recourse to indemnities from the relevant mortgage originators or sponsors/depositors although the amount and extent of any recovery is uncertain and subject to a number of factors, including the ongoing creditworthiness of the indemnifying party. Given the early stages of these matters, the RBSG Group cannot predict the outcome of these claims and is unable reliably to estimate the liability, if any, that may arise or its effect on the RBSG Group's consolidated net assets, operating results or cash flows in any particular period.”.

- 16 For the avoidance of doubt, section 15 above supersedes the provisions of section 6 of the fifth supplement to each of the Base Prospectuses dated 9 September 2011 which sections shall, by virtue of this Supplement, no longer apply.
- 17 By virtue of this Supplement, the second paragraph of the sub-section entitled “Recent Developments - No significant change and no material adverse change” in the section entitled “General Information – Part B: In relation to RBS” shall be deleted in its entirety and replaced with the following:

“Save in relation to (i) matters referred to on page 22 of the RBS Interim Results 2011 relating to Payment Protection Insurance, in respect of which the RBS Group has made provisions for therein; and (ii) the effect on revenues of Global Banking and Markets of the current subdued operating environment (see pages 43-45 of the RBSG Interim Management Statement), there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).”.
- 18 For the avoidance of doubt, section 17 above supersedes the provisions of the last paragraph of section 9.2 of the third supplement to each of the Base Prospectuses dated 26 August 2011 which sections shall, by virtue of this Supplement, no longer apply.
- 19 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in the Base Prospectuses 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.
- 20 If the documents which are incorporated by reference in each of the Base Prospectuses 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 any 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, each of the Base Prospectuses by virtue of this Supplement.
- 21 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any Base Prospectus or any previous supplement to any Base Prospectus, the statements referred to in (a) above will prevail.
- 22 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the each of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 14 October 2011

EIGHTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

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

(the Issuer or RBS N.V.)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the Programme)

- 1** This Supplement dated 14 October 2011 (this **Supplement**) constitutes the eighth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meanings when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information

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

6 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc. The RBS Registration Document, through a supplement dated 8 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.

7 The following amendments are made to the Base Prospectus by virtue of this Supplement:

7.1 the final sentence of the section entitled “Proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc” on page 21 of the registration document of RBS Holdings N.V. and RBS N.V. dated 31 August 2011, which reads:

“Subject to regulatory approval and provided the Court makes an order sanctioning the Part VII Scheme, it is expected that the Part VII Scheme will become effective on 17 October 2011 or such other date as RBS and RBS N.V. may agree in writing.”

shall no longer be incorporated by reference in the Base Prospectus;

7.2 in the section entitled “Summary – Proposed transfer of activities” the second paragraph shall be deleted in its entirety and replaced with the following:

“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. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. This includes a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). On 23 September 2011, RBS and RBS N.V. announced that the Court of Session in Scotland (the “**Court**”) had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, will take effect at 00:01hrs on 17 October 2011.

Certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer of certain Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.”;

7.3 in the section entitled “Summary – Risk Factors” the heading which reads

“Part B: In relation to RBS”

shall be deleted in its entirety and replaced with the following:

“Part B: In relation to RBS N.V. and RBS”;

7.4 in the section entitled “Summary – Risk Factors – Part B: In relation to RBS” (prior to the amendment of such heading by virtue of this Supplement) the wording which reads:

“If RBS becomes the issuer of Securities as a result of the Part VII Scheme (as described above), then certain factors may affect RBS’ ability to fulfil its obligations under the Securities, including:”

shall be deleted in its entirety and replaced with the following:

“Certain factors may affect RBS N.V.’s ability as Issuer to fulfil its obligations under the Securities due to the Group’s reliance on the RBSG Group. In addition, if RBS becomes the issuer of Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i) in connection with the Proposed Transfers generally, then certain factors may affect RBS’ ability to fulfil its obligations under the Securities. In each case, such factors include:”;

- 7.5 in the section entitled “Summary – Risk Factors - Part B: In relation to RBS” (prior to the amendment of such heading by virtue of this Supplement), after the bullet point risk factor which reads:

“HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.”

the following shall be inserted as a bullet point risk factor:

“The RBSG Group’s insurance businesses are subject to inherent risks involving claims.”;

- 7.6 in the section entitled “Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under Securities issued” the wording which reads:

“As stated in the section entitled “General Information – Part A: General – Proposed Transfers”, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus.”

shall be deleted in its entirety and replaced with the following:

“As stated in the section entitled “General Information – Part A: General – Proposed Transfers”, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.”;

- 7.7 in the section entitled “Taxation – 1. General” the wording which reads:

“The following does not address any tax consequences of the Proposed Transfers, regarding which Holders of Securities should seek their own professional advice. It also does not address any tax consequences relating to Securities issued or raised by RBS.

Any Security which is transferred under the Proposed Transfers pursuant to the Part VII Scheme shall be referred to in this section as a “**Part VII Scheme Security**”; and such Securities, “**Part VII Scheme Securities**”.

As noted above in the section entitled "Summary - Proposed transfer of activities", if the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers, other than to the extent stated in relation to Part VII Scheme Securities.”

shall be deleted in its entirety and replaced with the following:

“Save as expressly stated, the following does not address any tax consequences of any substitution of RBS as Issuer in place of RBS N.V. in respect of any Securities in accordance with General Condition 8(a)(i) (a “**Substitution**”), regarding which Holders of Securities

should seek their own professional advice. Holders and prospective Holders of Securities are also referred to the risk factor under the heading “The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.” which starts on page 5 of the registration document of RBS Holdings N.V. and RBS N.V. dated 31 August 2011 (which is incorporated by reference herein).

Any Security in respect of which RBS is substituted as Issuer in place of RBS N.V. pursuant to a Substitution shall be referred to in this section as a "**Substituted Security**"; and such Securities, "**Substituted Securities**". References in this section to “the Issuer” shall be to RBS N.V. as Issuer.

If Securities do not become Substituted Securities, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not otherwise become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers other than by way of a Substitution and does not address the tax treatment of Securities in the event that the Issuer is substituted otherwise than pursuant to a Substitution.”

- 7.8 in the section entitled “Taxation – 3. The Netherlands – Withholding Tax” the heading which reads:

“Securities issued by the Issuer otherwise than through the Issuer’s London branch and which are not Part VII Scheme Securities”

shall be deleted in its entirety and replaced with the following:

“Securities issued by the Issuer otherwise than through the Issuer’s London branch and which are not Substituted Securities”;

- 7.9 in the section entitled “Taxation – 3. The Netherlands – Withholding Tax” the heading which reads:

“Securities issued by the Issuer’s London branch and Part VII Scheme Securities”

shall be deleted in its entirety and replaced with the following:

“Securities issued by the Issuer’s London branch and Substituted Securities”;

- 7.10 in the section entitled “Taxation – 3. The Netherlands – Withholding Tax – Payments by the Guarantor”, the wording which reads:

“whether or not they are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities)”

shall be deleted in its entirety and replaced with the following:

“whether or not they are Substituted Securities (in each case, other than the repayment of amounts subscribed for the Securities)”;

- 7.11 in the section entitled “Taxation – 3. The Netherlands – Corporate and Individual Income Tax”, the following shall be inserted as new sub-paragraph (c):

“(c) Substituted Securities

Although not free from doubt, a Substitution is, on the basis of certain Dutch case law, not expected to give rise to a charge to Dutch income tax or corporate income tax for Holders of Substituted Securities.”;

7.12 the section entitled “Taxation – 4. United Kingdom” shall be deleted in its entirety and replaced with the section set out in Schedule 1 to this Supplement;

7.13 in the section entitled “Taxation – 5. United States of America”, the wording in the second paragraph in such section which reads:

“The U.S. federal income tax considerations discussed below will continue to apply to Part VII Scheme Securities.”

shall be deleted in its entirety and replaced with the following:

“The U.S. federal income tax considerations discussed below will continue to apply to Substituted Securities.”;

7.14 the section set out in Schedule 3 to this Supplement shall be inserted as the final paragraph in the section entitled “Taxation – 5. United States of America”;

7.15 in the section entitled “Taxation – 6. Switzerland”, the wording in the second paragraph in such section which reads:

“If RBS becomes the issuer of Securities as a result of the Part VII Scheme, the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed.”

shall be deleted in its entirety and replaced with the following:

“If RBS becomes the issuer of Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i), the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed. Although not free from doubt, a Substitution, on the basis of current Federal Tax Administration practice, is not expected to give rise to a charge to Swiss stamp tax, Swiss withholding tax, Swiss income tax for private investors in Switzerland or EU savings tax, for Holders of Substituted Securities.”;

7.16 in the section entitled “General Information – Part A: In Relation to RBS N.V. – Guarantee”, the wording which reads:

“, which liability of RBS Holdings in relation to any Securities that are transferred as a result of the Part VII Scheme will not be affected by such transfer (to the extent RBS Holdings would, but for such transfer, have otherwise been liable for the same)”

shall be deleted in its entirety;

7.17 in the section entitled “General Information – Part A: In Relation to RBS N.V. – Proposed Transfers”, the second and third paragraphs in such section shall be deleted in their entirety and replaced with the wording set out in Schedule 2 to this Supplement;

7.18 in the section entitled “Final Terms”, the paragraph numbering “(a)” prior to the word “Issuer:” shall be deleted;

7.19 the section entitled “Final Terms – (b) Proposed Transfer to The Royal Bank of Scotland plc¹.” shall be deleted in its entirety;

7.20 in the section entitled “General Information – Part A: In Relation to RBS N.V. – Ratings”, in the third paragraph of such section, the wording which reads:

“Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “AA-”; senior notes issued by RBS N.V. with a maturity of less than one year “F1+”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an “AA” rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an “F1” rating denotes an exceptionally strong credit feature.”

shall be deleted in its entirety and replaced with the following:

“Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an “A” rating indicates that the Issuer’s capacity for payment of financial commitments on the relevant notes issued by it is considered strong but that this capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.”;

7.21 in the fifth paragraph of the section entitled “General Information – Part A: In Relation to RBS N.V. – Ratings”, the wording which reads:

“(ii) the publication entitled “Rating Symbols and Definitions January 2011” published by Moody’s (available at www.moody.com)”

shall be deleted in its entirety and replaced with the following:

“(ii) the publication entitled “Rating Symbols and Definitions – May 2011” published by Moody’s (available at www.moody.com)”);

7.22 the second sentence of the fourth paragraph on page 1 of the RBS Registration Document, within the section entitled “Introduction”, which reads:

“senior notes issued by RBS with a maturity of one year or more “AA-”; senior notes issued by RBS with a maturity of less than one year “F1+”;

shall no longer be incorporated by reference in the Base Prospectus;

7.23 the first and second sentences of the sixth paragraph on page 1 of the RBS Registration Document, within the section entitled “Introduction”, which read:

“As defined by Fitch, an “AA” rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories.”

shall no longer be incorporated by reference in the Base Prospectus;

- 7.24 the final sentence of the sixth paragraph on page 1 of the RBS Registration Document, within the section entitled “Introduction”, which reads:

“As defined by Fitch, an addition of a plus (+) to an “F1” rating denotes an exceptionally strong credit feature.”

shall no longer be incorporated by reference in the Base Prospectus;

- 7.25 the wording in the second paragraph on page 2 of the RBS Registration Document, within the section entitled “Introduction”, which reads:

“(iii) the publication entitled “Definitions of Ratings and Other Forms of Opinion – January 2011” published by Fitch (available at www.fitchratings.com).”

shall no longer be incorporated by reference in the Base Prospectus;

- 7.26 the section entitled “General Information – Recent Developments - Ratings” shall be deleted in its entirety and replaced with the following:

“Ratings

Moody’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “A2”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody’s, an “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody’s, the addition of a “2” indicates that the obligation ranks mid-range in its generic rating category.

Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more “A”; senior notes issued by RBS with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Fitch, an “A” rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled “Rating Symbols and Definitions – July 2011” published by Moody’s (available at www.moodys.com) and (ii) the publication entitled “Definitions of Ratings and Other Forms of Opinion – September 2011” published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the

sources identified above and, so far as the RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.”

- 8** 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.
- 9** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 10** Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

SCHEDULE 1

4. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and United Kingdom HM Revenue & Customs ("HMRC") practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, not exercising or disposing of Securities and should not be relied upon by Holders or prospective Holders of Securities. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Securities depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Securities will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as amended and supplemented by the applicable Final Terms. For United Kingdom tax purposes, the term "Security" or "Securities" refers to instruments of the type described in this Base Prospectus and is not intended to be determinative (or indicative) of the nature of the instrument for the purposes of United Kingdom taxation. Prospective Holders of Securities who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective Holder of Securities should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

Withholding Tax

Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities

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

Securities issued by the Issuer's London branch and Substituted Securities

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

Even if such payments were to be regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes, the Issuer or RBS, as applicable, 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 payments are regarded as made under 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 the payments are made under options, futures or contracts for differences for the purposes of Part 7 of

that Act, which 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 payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer's London branch or RBS, as applicable, 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 or RBS's business, as applicable, within the meaning of section 878 ITA 2007.

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

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities is paid by a company and, at the time the payment is made, the Issuer's London branch or RBS, as applicable, 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 by the Issuer's London branch or RBS, as applicable, of interest on or in respect of Securities, 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 or RBS, as applicable, 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, as applicable).

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities may generally be made without withholding on account of United Kingdom income tax.

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer's London branch or which are Substituted Securities (in each case, other than the repayment of amounts subscribed for the Securities) may be subject to United Kingdom withholding tax, subject to the availability of any exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty.

Certain other United Kingdom Tax Considerations

Payments made in respect of Securities issued by the Issuer's London branch and (from the time of the Substitution) any Substituted Securities are generally expected to have a United Kingdom source. Accordingly, depending upon the category of the income, such payments may be chargeable to United Kingdom tax by direct assessment even where the Holder of Securities is not resident (or in the case of an individual, ordinarily resident) in the United Kingdom and does not hold their Securities for the purposes of, or receive such payments in connection with, a trade, profession or vocation carried on via a branch, agency or permanent establishment in the United Kingdom, although in practice HMRC may not seek to enforce any such liability in respect of such a Holder of Securities.

If Holders of Securities are liable to United Kingdom tax by way of direct assessment, Holders of Securities which are resident in a jurisdiction with an appropriate double taxation treaty with the United Kingdom may be entitled to claim exemption from direct assessment under the terms of that double taxation treaty.

Although not free from doubt, a Substitution is, on the basis of HMRC practice, not expected to give rise to a charge to United Kingdom tax on chargeable gains for Holders of Substituted Securities.

UK Information Gathering Powers

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) from any person in the United Kingdom who either pays or credits interest (or amounts treated as interest) to or receives interest (or amounts treated as 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 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities is resident for tax purposes.

Stamp Taxes

For the purposes of the following paragraphs, “**Exempt Loan Capital**” means any security which constitutes loan capital (“**Loan Capital**”) for the purposes of section 78 of the Finance Act 1986 (“**FA 1986**”) and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (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) subject to certain exceptions 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

Subject to the following paragraph, no stamp duty will generally be payable in relation to the issue of Securities, including where such Securities are issued into CREST and including where any Substitution involves an issue of Securities by RBS.

In relation to Securities issued in bearer form which are denominated in sterling and which are not Loan Capital a charge to United Kingdom stamp duty at 1.5 per cent. of the value of such Securities may arise, including where any Substitution involves an issue of Securities by RBS. No stamp duty liability will arise on the issue of such Securities by the Issuer if issued outside the United Kingdom. However, in relation to Securities of that kind originally issued by the Issuer outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent. of the value of such Security may arise. Furthermore, an instrument issuing a Security which has the characteristics of an option or any instrument granting such a Security (including on any Substitution if this results the grant of an option by RBS) may technically be subject to United Kingdom stamp duty at a rate of up to 4 per cent. of the consideration for the Security (subject to the comments under the heading ‘*Payment of Stamp Duty*’, below).

Stamp duty on the transfer of Securities

Other than as described above, no United Kingdom stamp duty should be required to be paid on transfers of Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring a Security on sale of the Security may technically be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities if the Securities are not Exempt Loan Capital.

Payment of Stamp Duty

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty, for example if the Security to which it relates is issued by the Issuer and is not registered on a register maintained in the United Kingdom, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be registered or used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that such an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be

payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either (i) an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or (ii) an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

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

No SDRT should be payable in relation to the issue of a Security by the Issuer or the transfer of such a Security which is not a Substituted 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**”), in each case, unless the Security is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares 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 in respect of a Security issued by the Issuer and which is not a Substituted Security on the issue or transfer of such a Security to a Clearance Service where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares issued by a body corporate incorporated in the United Kingdom.

Except where a s97A Election applies in respect of that Security, SDRT at a rate of 1.5 per cent. may be payable on a Substitution (if such Substitution results in an issue of Securities by RBS to a Clearance Service), or on a subsequent transfer to a Clearance Service of Substituted Securities, in each case, if such Substituted Securities (a) constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 and are not Exempt Loan Capital; or (b) are an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire stocks, shares or loan capital that are not Exempt Loan Capital.

The ECJ has found in *C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty’s Revenue & Customs (Case C-569/07)* that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service 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 issue of Securities into CREST

No SDRT will be payable in respect of the issue of Securities into CREST (including where any Substitution involves an issue of Securities by RBS into CREST), provided they are not issued to a Clearance Service or to a person issuing depositary receipts.

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 applies in respect of the Security.

SDRT on the transfer of Securities held outside a Clearance Service, held within CREST or held within a Clearance Service where a s97A Election applies in respect of the Security

In the case of Securities issued by the Issuer which are not Substituted Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, no SDRT should be payable in relation to any agreement to transfer such a Security unless it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form.

In the case of Securities issued by the Issuer which are not Substituted Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, SDRT should generally be payable in relation to any agreement to transfer such a Security where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form. Any such 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 Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

Were a Security which is not a Substituted Security to be registered in a register kept in the United Kingdom, for example, because this was required for the purposes of CREST, SDRT may be payable in relation to the transfer of such a Security within CREST or any agreement to transfer such a Security at a rate of 0.5 per cent. of the consideration given in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

In the case of Substituted Securities held outside a Clearance Service, Substituted Securities held within CREST or Substituted Securities held within a Clearance Service where a s97A Election has been made which applies to the Substituted Securities, SDRT may be payable in relation to the transfer of such a Substituted Security within CREST or any agreement to transfer such a Substituted Security if such Substituted Security (a) constitutes stock and/or loan capital for the purposes of section 99(3) FA 1986 and is not Exempt Loan Capital; or (b) is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire stocks, shares or loan capital that are not Exempt Loan Capital. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Substituted Securities, unless the transfer is to a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

SCHEDULE 2

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. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. This includes a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). On 23 September 2011, RBS and RBS N.V. announced that the Court of Session in Scotland (the “**Court**”) had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, will take effect at 00:01hrs on 17 October 2011.

Certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer of certain Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.

Accordingly, nothing in the Final Terms or this Base Prospectus should be taken as (or is) a representation that RBS will become, or RBS N.V. will remain, the issuer of any of the Securities. If prospective purchasers are in any doubt as to whether there is any tax or other impact on them as a result of the Proposed Transfers, they should discuss such matters with their advisers.

SCHEDULE 3

FATCA Withholding

On March 18, 2010, the Hiring Incentives to Restore Employment Act was enacted, containing provisions (“**FATCA**”) similar to a prior Congressional bill, the Foreign Account Tax Compliance Act of 2009. FATCA imposes a withholding tax of 30% on certain U.S. source payments and proceeds from the sale of certain assets that give rise to U.S. source payments, as well as a portion of certain payments by non-U.S. entities, to persons that fail to meet requirements under FATCA. This withholding tax may be imposed on (i) payments to the Issuer if it does not enter into and comply with an agreement with the IRS (an “**IRS Agreement**”) to obtain and report information about the holders of Securities, or (ii) a portion of payments to holders or beneficial owners of Securities, if the Issuer does enter into an IRS Agreement and is unable to obtain the necessary information from those holders or beneficial owners. Withholding would be imposed from (x) January 1, 2014 in respect of certain U.S. source payments made on or after that date, (y) January 1, 2015 in respect of proceeds from the sale of certain assets that give rise to U.S. source payments and (z) January 1, 2015, at the earliest, in respect of “passthru payments”. Withholding should not be required with respect to payments on Securities that are treated as debt for U.S. federal income tax purposes before January 1, 2015 and then only on such Securities issued after March 18, 2012.

The future application of FATCA to the Issuer and the holders of Securities is uncertain, and it is not clear at this time what actions, if any, will be required to minimize any adverse impact of FATCA on the Issuer and the holders of Securities.

If the Issuer or other relevant intermediary does enter into the IRS Agreement, and Securities are issued after March 18, 2012, then to the extent payments are not otherwise excluded from the FATCA regime, an investor that is not a financial institution may be required to provide the information described below or be subject to U.S. withholding tax on a portion of interest and principal on the Securities and the proceeds from their sale. Investors that (a) are financial institutions, or receive payments through a financial institution and (b) have not (or the relevant financial institution has not) entered an agreement with the IRS regarding compliance with (or otherwise established an exemption from) FATCA would also be subject to this U.S. withholding tax.

Each holder or beneficial owner of Securities may be required to provide satisfactory documentation (i) to establish that it is not a U.S. person and has no “substantial United States owners” (as defined in the Code), or (ii) if it is a U.S. person or a non-U.S. person that has substantial United States owners, that indicates the name, address and U.S. taxpayer identification number for each such U.S. person or owner. Each holder or beneficial owner of Securities that is required to provide such information and fails to do so will generally be subject to a U.S. withholding tax on any payments made to that person. A holder or beneficial owner of Securities who fails to provide the necessary information due to a non-U.S. law prohibiting the provision of this information must execute a valid waiver of the relevant non-U.S. law or dispose of the Securities or its interest therein within a reasonable time.

Furthermore, it is uncertain at this time how the reporting mechanism will operate. In particular, certain changes will likely have to occur with the operation of DTC, Euroclear, Clearstream, Luxembourg and other similar clearing systems. In particular, at this time it is not entirely clear whether the reporting obligations will apply to the Issuer, the relevant clearing system or the financial institution with which the beneficial owner has an account.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each holder of Securities should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

LaunchPAD Programme

Supplementary Prospectus dated 11 October 2011

**SEVENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES**



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1 This Supplement dated 11 October 2011 (this **Supplement**) constitutes the seventh supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc. The Registration Document, through a supplement dated 26 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.

7 By virtue of this Supplement:

7.1 the last sentence of the fourth paragraph on page 1 of the Registration Document, within the section entitled “Introduction”, which reads:

“Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “Aa3”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.”

shall no longer be incorporated by reference in the Base Prospectus;

7.2 the first and second sentences of the first paragraph on page 2 of the Registration Document, within the section entitled “Introduction”, which reads:

“As defined by Moody’s, an “Aa” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered high quality subject to very low credit risk. As defined by Moody’s, the addition of a “3” indicates that the obligation ranks in the lower end of its generic rating category.”

shall no longer be incorporated by reference in the Base Prospectus;

7.3 the wording in the second paragraph on page 2 of the Registration Document, within the section entitled “Introduction”, which reads:

“(ii) the publication entitled “Rating Symbols and Definitions – May 2011” published by Moody’s (available at www.moodys.com)”.

shall no longer be incorporated by reference in the Base Prospectus; and

7.4 the following shall be inserted in the Base Prospectus at the end of the section entitled “General Information – Recent Developments”:

“Ratings

Moody’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “A2”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody’s, an “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody’s, the addition of a “2” indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third party information and were obtained in the English language from the publication entitled “Rating Symbols and Definitions – July 2011” published by Moody’s (available at www.moodys.com).”.

- 8 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.
- 9 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 10 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 19 September 2011

SIXTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 19 September 2011 (this **Supplement**) constitutes the sixth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc (**RNS**). The RBS Registration Document, through a supplement dated 8 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 7 On 5 August 2011, the registration document of The Royal Bank of Scotland Group plc dated 5 August 2011 (the **RBSG Registration Document**) was published via RNS. The section headed “Risk Factors” on pages 3 to 25 of the RBSG Registration Document is, through a supplement dated 31 August 2011, incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 8 On 31 August 2011, the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 31 August 2011 (the **Registration Document**) was published. The Registration Document, through a supplement dated 31 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 9 The following amendments are made to the Base Prospectus by virtue of this Supplement:

- 9.1 in the section entitled “Summary – Risks Factors – Part B: In relation to RBS”, the bullet point risk factor which reads:

“The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the RBSG Group.”

shall be deleted and replaced with the following:

“The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the RBSG Group.”.

- 9.2 (a) the risk factor entitled “The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the Group.” on page 5 of the RBS Registration Document and pages 4 and 5 of the RBSG Registration Document shall no longer be incorporated by reference in the Base Prospectus and (b) the following additional risk factor shall be inserted in the Base Prospectus at the end of the section entitled “Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under Securities issued”:

***“The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the RBSG Group.*”**

The Independent Commission on Banking (the “**ICB**”) was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system in order to promote, amongst other things, stability and competition. The ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the “**Final Report**”) which sets out the ICB’s views on possible reforms to improve stability and competition in UK banking. The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The RBSG Group will continue to participate in the

debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could materially adversely affect the RBSG Group's structure, results of operations, financial condition and prospects.”.

- 9.3 (a) the paragraphs on pages 24 and 25 of the Registration Document and page 39 of the RBS Registration Document entitled “Independent Commission on Banking” shall no longer be incorporated by reference in the Base Prospectus and (b) the following shall be inserted in the Base Prospectus at the end of the sections entitled (i) “General Information – Part A: In relation to RBS N.V.”, after the sub-heading “Ratings” and (ii) “General Information – Part B: In relation to RBS – Recent Developments”, respectively:

“Independent Commission on Banking

On 16 June 2010, HM Treasury published the terms of reference for the UK Government's Independent Commission on Banking (“ICB”). The ICB was mandated to formulate policy recommendations with a view to: (i) reducing systemic risk in the banking sector, exploring the risk posed by banks of different size, scale and function; (ii) mitigating moral hazard in the banking system; (iii) reducing the likelihood and impact of a bank's failure; and (iv) promoting competition in retail and investment banking with a view to ensuring that the needs of banks' customers are served efficiently and considering the extent to which large banks can gain competitive advantage from being perceived as “too big to fail”.

Following an interim report published on 11 April 2011, the ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the “**Final Report**”). The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The RBSG Group will continue to participate in the debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could have a negative impact on the RBSG Group's consolidated net assets, operating results or cash flows in any particular period.”.

- 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.
- 11** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 12** 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.

LaunchPAD Programme

Supplementary Prospectus dated 9 September 2011

FIFTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 9 September 2011 (this **Supplement**) constitutes the fifth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 By virtue of this Supplement, in the section entitled “General Information” under the heading “Part B: In relation to RBS – Recent Developments”, the following new sub-heading and paragraph shall be deemed to be inserted into the Base Prospectus:

“Litigation

On 2 September 2011, the US Federal Housing Finance Agency (“**FHFA**”) as conservator for the Federal National Mortgage Association (“**Fannie Mae**”) and the Federal Home Loan Mortgage Company (“**Freddie Mac**”) filed 17 lawsuits in the United States against a number of international banks and individual defendants, including RBSG, certain other Group companies and five individual officers and directors of the Group’s subsidiaries. The lawsuits involve allegations that certain disclosures made by the defendants in connection with the relevant offering or underwriting of securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued. Group entities are named as defendants in their capacities as issuers and underwriters of securities, not as originators of any underlying mortgage loans. Although its claims against the Group are currently unquantified, the plaintiff refers to Fannie Mae's and Freddie Mac's losses on securities with original face values of over US\$30 billion.”

- 7 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 8 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 9 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.

LaunchPAD Programme

Supplementary Prospectus dated 31 August 2011

FOURTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 31 August 2011 (this **Supplement**) constitutes the fourth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 31 August 2011, RBS Holdings N.V. (**RBS Holdings**) published its unaudited Interim Results for the half year ended 30 June 2011 (the **2011 RBS Holdings Interim Results**).
- 7 On 31 August 2011, RBS Holdings and RBS N.V. published their registration document dated 31 August 2011 (the **Registration Document**).
- 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 2011 RBS Holdings Interim Results; and
 - 8.2 the Registration Document.
- 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 2011 RBS Holdings Interim Results and the Registration Document:
 - 9.1 in the section entitled “Summary – Overview”, the following sentences will be inserted after the fourth sentence to form a new, standalone paragraph: “The Group had total consolidated assets of €206.7 billion as at 30 June 2011. As at 30 June 2011, the Group’s Tier 1 and Core Tier 1 capital ratios were 9.6 per cent. and 7.4 per cent., respectively.”.
 - 9.2 the bullet point risk factors under the heading “Risks Factors – Part A: In relation to RBS N.V.” in the section entitled “Summary” shall be deleted in their entirety and replaced with the bullet point risk factors set out in the Schedule to this Supplement.
 - 9.3 in the section entitled “General Information” under the heading “Part A: In relation to RBS N.V.”, the paragraph headed “Incorporation and Offices” shall be deleted in its entirety.
 - 9.4 at the end of the section entitled “Form of Final Terms”, the paragraphs headed “No Significant Change and No Material Adverse Change” shall be deleted in their entirety and replaced by the following:

“No Significant Change and No Material Adverse Change

There has been no significant change in the trading or financial position of the Group taken as a whole since 30 June 2011 (the end of the last financial period for which either audited financial information or interim financial information has been published).

Save in relation to matters referred to on pages 42 to 43 of the 2011 RBS Holdings Interim Results, relating to the Group’s exposure to Greek sovereign debt, which the Group has made provision for therein, there has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”
 - 9.5 the registration document of RBS N.V. dated 5 April 2011, and the supplement thereto dated 19 April 2011, incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated.
 - 9.6 the section headed “Risk Factors” on pages 3 to 25 of the registration document dated 5 August 2011 of The Royal Bank of Scotland Group plc shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus.
- 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.

- 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 or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 13** 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

- The Group is reliant on the RBSG Group.

Prospective investors should note that the Group is subject to certain risks specific to the RBSG Group including, without limitation, instability in the global financial markets, lack of liquidity, depressed asset valuations, geopolitical conditions, full nationalisation and other resolution procedures under the Banking Act 2009 and risks related to the entry into the asset protection scheme.

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- 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 and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.
- The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V..
- Lack of liquidity is a risk to the Group's business and there is a risk that the Group's ability to access sources of liquidity and funding could become constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower and counterparty 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 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 its business and results of operations may 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, including changes in tax law, 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 businesses.
- The Group's operations have inherent reputational risk.
- 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.
- Risks relating to the Asset Protection Scheme and the Contracts.
- The extensive governance, asset management and information requirements under the Scheme Conditions, which the Group is required to comply with, or to ensure that RBS can comply with, pursuant to the Contracts may have an adverse impact on the Group. In addition, any changes or modifications to the Scheme Conditions may have a negative impact on the expected benefits of the Contracts and may have an adverse impact on the Group.
- Any changes to the expected regulatory capital treatment of the Contracts may negatively impact the Group's capital position.
- Fulfilling the disclosure obligations of the Group under the Contracts may give rise to litigation and regulatory risk.

THIRD SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

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

(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1 This Supplement dated 26 August 2011 (this **Supplement**) constitutes the third supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 5 August 2011, the registration document of The Royal Bank of Scotland plc (**RBS**) dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock

Exchange plc (**RNS**). The RBS Registration Document is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.

7 On 26 August 2011, the unaudited Interim Results 2011 of RBS for the six months ended 30 June 2011 were published via RNS (the **2011 RBS Interim Results**).

8 The 2011 RBS Interim Results shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus.

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 2011 RBS Interim Results:

9.1 under the section entitled “Summary”:

9.1.1 the words “and the “**RBS Group**” refers to RBS and its subsidiaries consolidated in accordance with International Financial Reporting Standards” shall be inserted at the end of final sentence of the sub-section headed “History and Incorporation”;

9.1.2 the following new paragraph shall be inserted at the end of the sub-section headed “Overview”:

“The RBS Group had total assets of £1,299.7 billion and owners’ equity of £56.9 billion as at 30 June 2011. As at 30 June 2011, the RBS Group’s capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 8.7 per cent. and a Tier 1 capital ratio of 10.6 per cent.”; and

9.1.3 the wording of the penultimate bullet risk in the sub-section headed “Risks Relating to the Issuer - Part B: In relation to RBS” shall be deleted in its entirety and replaced by the following:

“RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the RBS Group’s results.”;

9.2 under the section entitled “General Information – Part B: In relation to RBS” of the Base Prospectus, each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” shall be deleted in their entirety and replaced by the following:

“No Significant Change and No Material Adverse Change

There has been no significant change in the financial position of the RBS Group taken as a whole since 30 June 2011 (the end of the last financial period for which either audited financial information or interim financial information has been published).

Save in relation to matters referred to on page 22 of the RBS Interim Results 2011, relating to Payment Protection Insurance, which the RBS Group has made provisions for therein, there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).”; and

9.3 each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 59 of the RBS Registration Document shall no longer be incorporated by reference.

10 By virtue of paragraphs 8 and 9.3 of this Supplement (and following the amendments made to the Base Prospectus by virtue of (a) paragraph 9 of the First Supplement to the Base Prospectus dated 22 July 2011 and (b) paragraphs 8 and 9.4 of the Second Supplement to the Base Prospectus dated 8 August 2011), the section in the Base Prospectus headed “Documents Incorporated by Reference” shall be deleted in its entirety and replaced with the amended version of such section as set out in the Schedule to this Supplement.

11 The following additional amendment is made to the Base Prospectus:

11.1 in the section entitled “General Information”, under the heading “Part A: in relation to RBS N.V.”, the following paragraph shall be deleted:

“No Significant Change and No Material Adverse Change

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”

- 12** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, 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.
- 13** 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.
- 14** 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.
- 15** 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.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the “**Competent Authority**”) shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

PART A: IN RELATION TO RBS N.V.

1. The registration document of the Issuer dated 5 April 2011 and the supplement thereto dated 19 April 2011 (together, the “**Registration Document**”) excluding the first paragraph of the section entitled “Description of RBS Holdings N.V. and the Royal Bank of Scotland N.V. – General Information”.
2. The prospectus dated 1 July 2010 relating to the Issuer’s LaunchPAD Programme for Certificates (excluding the sections entitled “Summary” and “Form of Final Terms”).
3. The RBS Holdings Annual Report 2010 (excluding the sections headed “Business Review - Risk factors” on page 9 and the section headed “Additional Information – Risk factors” on pages 221 to 231) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010.
4. The ABN AMRO Holding N.V. Annual Report 2009 (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.
5. The Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus.
6. The press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” which was published by RBS N.V. via RNS on 19 April 2011.
7. The press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by the Issuer on 22 July 2011.

PART B: IN RELATION TO RBS

- (a) The registration document of RBS dated 5 August 2011, which was published via which was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 5 August 2011 (the “**RBS Registration Document**”), excluding the paragraphs on page 59 under the heading “No Significant Change and No Material Adverse Change” in the section of the RBS Registration Document entitled “General Information”.
- (b) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2010 (excluding the

sections headed “Financial Review — Risk factors” on page 5 and “Additional Information — Risk Factors” on pages 238 to 254) published on 15 April 2011.

- (c) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the RBS, together with the audit report thereon) for the year ended 31 December 2009 (excluding the section headed “Risk factors” on pages 5 to 23) published on 9 April 2010.
- (d) The unaudited interim results of RBS for the six months ended 30 June 2011 which were published via RNS on 26 August 2011.
- (e) The following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011 (the “**2010 Annual Report and Accounts of RBSG**”):
 - (i) Independent auditor’s report on page 267;
 - (ii) Consolidated income statement on page 268;
 - (iii) Consolidated statement of comprehensive income on page 269;
 - (iv) Balance sheets as at 31 December 2010 on page 270;
 - (v) Statements of changes in equity on pages 271 to 273;
 - (vi) Cash flow statements on page 274;
 - (vii) Accounting policies on pages 275 to 286;
 - (viii) Notes on the accounts on pages 287 to 385;
 - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
 - (x) Chairman’s statement on pages 2 to 3;
 - (xi) Group Chief Executive’s review on pages 4 to 5;
 - (xii) Our key targets on page 7;
 - (xiii) Our business and our strategy on pages 8 to 19;
 - (xiv) Divisional review on pages 20 to 41;
 - (xv) Business review on pages 49 to 224;
 - (xvi) Report of the Directors on pages 230 to 234;
 - (xvii) Corporate governance on pages 235 to 245;
 - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
 - (xix) Directors’ remuneration report on pages 248 to 263;
 - (xx) Directors’ interests in shares on page 264;

- (xxi) Financial summary on pages 387 to 395;
 - (xxii) Exchange rates on page 395;
 - (xxiii) Economic and monetary environment on page 396;
 - (xxiv) Supervision on page 397;
 - (xxv) Regulatory developments and reviews on pages 398 to 399;
 - (xxvi) Description of property and equipment on page 399;
 - (xxvii) Major shareholders on page 399;
 - (xxviii) Material contracts on pages 399 to 404; and
 - (xxix) Glossary of terms on pages 434 to 439.
- (f) The following sections of the 2009 annual report and accounts of RBSG, which was published by RBSG on 18 March 2010:
- (i) Independent auditors' report on page 240;
 - (ii) Consolidated income statement on page 241;
 - (iii) Consolidated statement of comprehensive income on page 242;
 - (iv) Balance sheets at 31 December 2009 on page 243;
 - (v) Statements of changes in equity on pages 244 to 246;
 - (vi) Cash flow statements on page 247;
 - (vii) Accounting policies on pages 248 to 258;
 - (viii) Notes on the accounts on pages 259 to 348;
 - (ix) What we have achieved on page 1 (excluding the financial information on that page which is indicated as being "pro forma");
 - (x) Chairman's statement on pages 2 to 3;
 - (xi) Group Chief Executive's review on pages 4 to 6;
 - (xii) Our strategic plan and progress on pages 12 to 19;
 - (xiii) Divisional review on pages 20 to 41;
 - (xiv) Business review on pages 49 to 85 and pages 108 to 206 (excluding the financial information on pages 72 to 85 and pages 108 to 116 which is indicated as being "pro forma");
 - (xv) Report of the Directors on pages 208 to 213;

- (xvi) Corporate governance on pages 214 to 222;
 - (xvii) Letter from the Chairman of the Remuneration Committee on pages 223 to 224;
 - (xviii) Directors' remuneration report on pages 225 to 236;
 - (xix) Directors' interests in shares on page 237;
 - (xx) Impairment review on pages 302 to 303;
 - (xxi) Financial summary on pages 350 to 359;
 - (xxii) Exchange rates on page 359;
 - (xxiii) Economic and monetary environment on page 360;
 - (xxiv) Supervision on page 361;
 - (xxv) Regulatory developments and reviews on pages 361 to 362;
 - (xxvi) Description of property and equipment on pages 362 to 363;
 - (xxvii) Major shareholders on page 363; and
 - (xxviii) Glossary of terms on pages 383 to 387.
- (g) The unaudited Interim Results 2011 of RBSG for the six months ended 30 June 2011 which were published via RNS on 5 August 2011.
- (h) The following sections of the Shareholder Circular published by RBSG on 27 November 2009:
- (i) "Financial Information" on page 5;
 - (ii) "Part I – Letter From the Chairman of RBS" on pages 10 to 20;
 - (iii) "Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share" on pages 76 to 84;
 - (iv) "Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan" on pages 85 to 86;
 - (v) "Part VI – Definitions" on pages 121 to 133; and
 - (vi) "Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share" on pages 134 to 170.
- (i) The press release headed "The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities" published via the RNS on 20 October 2009.
- (j) The press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" (excluding (i) the statement therein which reads "Certain unaudited pro forma condensed

consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement” and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011.

- (k) The press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by RBSG on 22 July 2011.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information contained in the 2010 Annual Report and Accounts of RBSG (together, the “**Unaudited Pro Forma Financial Information**”) which is incorporated by reference into this Base Prospectus has been prepared for illustrative purposes only and addresses a hypothetical situation. Therefore, the Unaudited Pro Forma Financial Information does not represent the actual financial position or results of the RBSG Group as at and for the periods in respect of which the Unaudited Pro Forma Financial Information has been prepared.

The Unaudited Pro Forma Financial Information shows the underlying performance of the RBSG Group including the results of the RBS Holdings businesses retained by the RBSG Group. The Unaudited Pro Forma Financial Information is prepared using the RBSG Group’s accounting policies and is being provided to give a better understanding of the RBSG Group’s operations excluding the results attributable to the other consortium members. The basis of preparation of the pro forma results is detailed under the heading “Basis of preparation of pro forma results” on page 113 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein). In future periods, there will be no significant differences between pro forma and statutory results other than presentation aspects discussed under the heading “Pro forma results” on page 53 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein).

PART C: IN RELATION TO BOTH RBS N.V. AND RBS

If the documents which are incorporated by reference in this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this 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.

In relation to those documents of which only part thereof is incorporated by reference in this Base Prospectus, those parts of such documents which are not incorporated either are not relevant for the investor or are covered elsewhere in this Base Prospectus.

Copies of the above documents:

- are accessible at <http://markets.rbs.com/bparchive>; or
- can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com; or
- can be obtained (in the case of the Part A documents for RBS N.V.) at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and (in the case of the Part B documents for

RBS) the registered office of RBS at 36 St Andrew Square, Edinburgh EH2 2YB.

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.

This Base Prospectus and any supplement will be valid for listing Securities on Euronext Amsterdam by NYSE Euronext and/or any other exchange in an unlimited aggregate nominal amount.

Material Changes

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 or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

LaunchPAD Programme

Supplementary Prospectus dated 8 August 2011

SECOND SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 8 August 2011 (this **Supplement**) constitutes the second supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before 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 5 August 2011, the unaudited Interim Results 2011 of The Royal Bank of Scotland Group plc (**RBSG**) for the six months ended 30 June 2011 were published via RNS (the **2011 RBSG Interim Results**).
- 7 On 5 August 2011, the registration document of The Royal Bank of Scotland plc (**RBS**) dated 5 August 2011 (the **RBS Registration Document**) was published via RNS, following the publication of the 2011 RBSG Interim Results.
- 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 2011 RBSG Interim Results; and
- 8.2 the RBS Registration Document.
- 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 2011 RBSG Interim Results and the RBS Registration Document:
- 9.1 the following paragraph under the heading “Overview” in the section entitled “Summary”:
- “The RBSG Group had total assets of £1,453.6 billion and owners’ equity of £75.1 billion as at 31 December 2010. As at 31 December 2010, the RBSG Group’s capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 10.7 per cent. and a Tier 1 capital ratio of 12.9 per cent.”.
- shall be deemed to be deleted and replaced with the following paragraph:
- “The RBSG Group had total assets of £1,446.0 billion and owners’ equity of £74.7 billion as at 30 June 2011. As at 30 June 2011, the RBSG Group’s capital ratios were a total capital ratio of 14.4 per cent., a Core Tier 1 capital ratio of 11.1 per cent. and a Tier 1 capital ratio of 13.5 per cent.”.
- 9.2 the bullet point risk factors under the heading “Risks Factors – Part B: In relation to RBS” in the section entitled “Summary” shall be deleted in its entirety and replaced with the bullet point risk factors set out in the Schedule to this Supplement. For the avoidance of doubt, the bullet point risk factors under the sub-heading “Risks Relating to the Securities” shall remain unchanged;
- 9.3 in the section entitled “General Information”:
- 9.3.1 under the heading “Part A: In relation to RBS N.V.”, the following paragraph shall be inserted at the end of the section:
- “No Significant Change and No Material Adverse Change**
- There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).
- There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”
- 9.3.2 under the heading “Part B: In relation to RBS”, the existing paragraphs shall be deleted in their entirety and replaced with the following:
- “No Significant Change and No Material Adverse Change**

Save in relation to matters referred to on pages 109 and 110 of the 2011 RBSG Interim Results relating to Payment Protection Insurance, which the RBS Group has made provisions for therein:

- (a) there has been no significant change in the financial position of the RBS Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information of the RBS Group has been published); and
- (b) there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).”

9.4 the following documents (or sections of documents, as the case may be) incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated:

9.4.1 the following sections of the Shareholder Circular published by RBSG on 27 November 2009:

- (a) “Appendix 2 to the Letter from the Chairman of RBS — Principal Terms and Conditions of the APS” on pages 46 to 75;
- (b) “Annex 3 — Scheme Principles” on pages 177 to 181;

9.4.2 the registration document of RBS dated 25 February 2011, which was published via RNS on 25 February 2011; and

9.4.3 the unaudited RBSG Interim Management Statement Q1 2011 which was published via RNS on 6 May 2011.

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.

11 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.

12 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

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.
- Various actions may be taken under the Banking Act 2009 in relation to any securities issued by RBS without the consent of the holders thereof.
- The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the RBSG Group
- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- Lack of liquidity is a risk to the RBSG Group's business and there is a risk that the RBSG Group's ability to access sources of liquidity and funding could become constrained.
- The financial performance of the RBSG Group has been materially affected by deteriorations in borrower and counterparty 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 RBSG 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.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- 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 RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG 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 RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The RBSG Group's results have been and could be further materially adversely affected in the event of goodwill impairment.
- The RBSG 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.
- Operational risks are inherent in the RBSG Group's businesses.
- HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the asset protection scheme is costly and may not produce the regulatory capital benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions and any changes or modifications to the scheme conditions may have a negative impact on the expected benefits of the asset protection scheme and may have an adverse impact on the RBSG Group.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares and the contingent B shares may negatively impact the RBSG Group's capital position.
- The costs of the asset protection scheme may be greater than the benefits received by the RBSG Group and the fair value of the asset protection scheme can impact the RBSG Group's results of operations.
- Participation in the asset protection scheme may result in greater tax liabilities for the RBSG Group and the loss of potential tax benefits.
- Participation in the asset protection scheme may give rise to litigation and regulatory risk.

- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect RBS and its subsidiaries (the **RBS Group**)’s results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group’s capital position, liquidity, operating results and future prospects.

22 July 2011

FIRST SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES DATED 22 JULY 2011



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

RBS LaunchPAD Programme
(the **Programme**)

- 1** This Supplement dated 22 July 2011 (this **Supplement**) constitutes the first supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the Issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (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 19 April 2011, the boards of The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc (**RBS**), RBS Holdings N.V. and RBS N.V. approved the proposed transfers of a substantial part of the activities of RBS N.V. to RBS, subject, among other things, to regulatory and other approvals, further tax

analysis and due diligence in respect of the assets and liabilities to be transferred and employee consultation procedures (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. It was disclosed in the Base Prospectus that the Proposed Transfers would include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the **Part VII Scheme**).

- 7** On 21 July 2011, RBS and RBS N.V. announced details of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. As disclosed in the Base Prospectus RBS N.V. will now be including provisions in the Final Terms for new issues of Securities under the Programme to indicate whether or not RBS is expected to become the issuer of those Securities as a result of the Part VII Scheme (subject to the relevant Securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). If the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally.
- 8** On 22 July 2011, RBS and RBS N.V. announced that they presented a petition to the Court of Session in Scotland (the **Court**) on 21 July 2011 for an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. Subject to regulatory approval and provided the Court makes an order sanctioning the Part VII Scheme, it is expected that the Part VII Scheme will become effective on 17 October 2011 or such other date as RBS and RBS N.V. may agree in writing. The boards of RBS and RBS N.V. also announced on 22 July 2011 (i) the proposed amendments to be made to the terms of securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme (the **Part VII Securities**) and to agreements RBS N.V. has entered into related to such securities in order to give effect to the Part VII Scheme and, amongst other matters, to mitigate certain potential adverse effects on holders of securities of RBS N.V. and (ii) certain restrictions which are proposed to be placed on RBS in relation to the Part VII Securities. For further information see the Press Release which is referred to in paragraph 9 below.
- 9** By virtue of this Supplement the press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by the Issuer on 22 July 2011 (the **Press Release**) shall be incorporated into, and form part of, the Base Prospectus.
- 10** Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the Press Release 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 10 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.
- 11** 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.
- 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 or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.

- 13** 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.

LAUNCHPAD PROGRAMME
BASE PROSPECTUS RELATING TO OPEN END CERTIFICATES
DATED: 1 JULY 2011

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



BASE PROSPECTUS RELATING TO
OPEN END CERTIFICATES

THE ROYAL BANK OF SCOTLAND N.V.
LAUNCHPAD PROGRAMME

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.

SERIES OF SECURITIES TO BE ISSUED UNDER THE PROGRAMME DESCRIBED BY THIS BASE PROSPECTUS (THE "PROGRAMME") MAY BE RATED OR UNRATED. WHERE A SERIES OF SECURITIES IS TO BE RATED, SUCH RATING WILL NOT NECESSARILY BE THE SAME AS ANY RATING ASSIGNED TO ANY SECURITIES ALREADY ISSUED. WHETHER OR NOT A RATING IN RELATION TO ANY SERIES OF SECURITIES WILL BE TREATED AS HAVING BEEN ISSUED BY A CREDIT RATING AGENCY ESTABLISHED IN THE EUROPEAN UNION AND REGISTERED UNDER REGULATION (EC) No 1060/2009 ON CREDIT RATING AGENCIES (THE "CRA REGULATION") WILL BE DISCLOSED IN THE RELEVANT FINAL TERMS. A SECURITY RATING IS NOT A RECOMMENDATION TO BUY, SELL OR HOLD SECURITIES AND MAY BE SUBJECT TO SUSPENSION, REDUCTION OR WITHDRAWAL AT ANY TIME BY THE ASSIGNING RATING AGENCY.

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR POLITICAL SUBDIVISION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. THE SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN OFFSHORE TRANSACTIONS THAT MEET THE REQUIREMENTS OF 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.

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.

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 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.

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, UNLESS THE CONTEXT OTHERWISE REQUIRES, 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 OTHER THAN THOSE CONTAINED IN THIS BASE PROSPECTUS. 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 OR THE DATE UPON WHICH THIS BASE PROSPECTUS HAS BEEN MOST RECENTLY AMENDED OR SUPPLEMENTED. 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 “SELLING RESTRICTIONS” IN THIS BASE PROSPECTUS.

NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS BASE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER.

WHERE INFORMATION HAS BEEN SOURCED FROM A THIRD PARTY, THE ISSUER CONFIRMS THAT THIS INFORMATION HAS BEEN ACCURATELY REPRODUCED AND THAT AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THIS BASE PROSPECTUS IS TO BE READ IN CONJUNCTION WITH ALL DOCUMENTS THAT ARE DEEMED TO BE INCORPORATED HEREIN BY REFERENCE AND SHALL BE READ AND CONSTRUED ON THE BASIS THAT SUCH DOCUMENTS ARE INCORPORATED IN AND FORM PART OF THE BASE PROSPECTUS.

THE ISSUER DOES NOT REPRESENT THAT THIS DOCUMENT MAY BE LAWFULLY DISTRIBUTED, OR THAT SECURITIES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, OR ASSUME ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, NO REPRESENTATION IS MADE 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 “SELLING RESTRICTIONS” IN THIS BASE PROSPECTUS.

IN CONNECTION WITH THE ISSUE OF ANY SERIES OF SECURITIES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT SERIES OF 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 RELEVANT SERIES OF SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SERIES OF SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

FOR UNITED KINGDOM TAX PURPOSES, THE TERM “SECURITY” OR “SECURITIES” REFERS TO INSTRUMENTS OF THE TYPE DESCRIBED IN THIS BASE PROSPECTUS AND IS NOT INTENDED TO BE DETERMINATIVE (OR INDICATIVE) OF THE NATURE OF THE INSTRUMENT FOR THE PURPOSES OF UNITED KINGDOM TAXATION.

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.

Securities which are sold to a non-U.S. person (within the meaning of Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) in an “offshore transaction” within the meaning of Regulation S may be issued in global bearer form or dematerialised form.

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SUMMARY

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 claimant 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: 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 350 17A90, 1082 ME 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 350 17A90, 1082 ME 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. The Group had total assets of €200.4 billion and owner’s equity of €4.95 billion as at 31 December 2010. As at 31 December 2010, the Group’s capital ratios were a total capital ratio of 15.8 per cent., a Core Tier 1 capital ratio of 8.7 per cent. and a Tier 1 capital ratio of 11.0 per cent.

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.

The RBSG Group had total assets of £1,453.6 billion and owners’ equity of £75.1 billion as at 31 December 2010. As at 31 December 2010, the RBSG Group’s capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 10.7 per cent. and a Tier 1 capital ratio of 12.9 per cent.

Group Organisational Structure:

The Group comprises of 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 the Group 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 RBSG 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 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 sale 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. (“**RFS Holdings**”), 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 State of The Netherlands (the “**Dutch State**”). This marked a 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 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 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 will become a wholly-owned subsidiary of RBSG.

Proposed transfer of activities:

On 19 April 2011, the Boards of RBSG, RBS, RBS Holdings and RBS N.V. announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the “**Proposed Transfers**”), 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 was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) was expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. Subject to internal approvals, it is expected that these will include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). Implementation of the Part VII Scheme will be subject (amongst other matters) to court and regulatory approval. In due course, it is expected that details will be announced of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. From on or around the date of such announcement, RBS N.V. will include provisions in the Final Terms for new issues of Securities under the Programme to indicate whether or not RBS is expected to become the issuer of those Securities as a result of the Part VII Scheme (subject to the relevant Securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). In advance of that, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. If the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally.

Risk Factors:*Risks Relating to the Issuer***PART A: In relation to RBS N.V.**

Certain factors may affect RBS N.V.'s ability as Issuer 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. 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.
- 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.

PART B: In relation to RBS

If RBS becomes the issuer of Securities as a result of the Part VII Scheme (as described above), then certain factors may affect RBS' ability to fulfil its obligations under the Securities, including:

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.
- The RBSG 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.
- The RBSG Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B Shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- Lack of liquidity is a risk to the RBSG Group's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the RBSG 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 RBSG Group's counterparties has adversely affected and could continue to adversely affect the RBSG Group.
- The RBSG 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.
- The value or effectiveness of any credit protection that the RBSG Group has purchased from monoline and other insurers and other market counterparties (including credit derivative product companies) depends on the value of the underlying assets and the financial condition of the insurers and such counterparties.
- 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 RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG 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 RBSG Group operates in markets that are highly competitive and consolidating. If the RBSG Group is unable to perform effectively, its business and results of operations will be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The RBSG Group's results have been and could be further materially adversely affected in the event of goodwill impairment.
- The RBSG 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.
- Operational risks are inherent in the RBSG Group's operations.
- The RBSG 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.
- HM Treasury (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree

of influence over the RBSG Group.

- The offer or sale by the United Kingdom Government of all or a portion of its stake in RBSG could affect the market price of the Securities and related securities.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The RBSG Group's business and earnings may be adversely affected by geopolitical conditions.
- The restructuring plan for RBS Holdings is complex and may not realise the anticipated benefits for the RBSG Group.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the results of RBS and its subsidiaries (consolidated in accordance with International Financial Reporting Standards) (the "**RBS Group**").
- The RBSG Group's participation in the Asset Protection Scheme ("**APS**") is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.

- If the RBSG Group is unable to issue the Contingent B Shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.
- There are limits on APS coverage and uncovered exposures and risks may have a material adverse impact on the RBSG Group's business, financial condition, capital position, liquidity and results of operations.
- The extensive governance, asset management and information requirements under the Scheme Conditions and any changes or modifications to the Scheme Conditions may have a negative impact on the expected benefits of the contracts and may have an adverse impact on the RBSG Group.
- Any changes to the expected regulatory capital treatment of the APS, the B Shares and the Contingent B Shares may negatively impact the RBSG Group's capital position.
- The costs of the APS may be greater than the benefits received.
- Participation in the APS may result in greater tax liabilities for the RBSG Group and the loss of potential tax benefits.
- There are significant costs associated with termination of the RBSG Group's participation in the APS.
- Under certain circumstances, the RBSG Group cannot be assured that assets of RBS Holdings (and certain other entities) will continue to be covered under the APS, either as a result of a withdrawal of such assets or as a result of a breach of the relevant obligations.
- Any conversion of the B Shares, in combination with any future purchase by HM Treasury of Ordinary Shares, would increase HM Treasury's ownership

interest in RBSG, and could result in the delisting of RBSG from the Official List.

- Participation in the APS may give rise to litigation and regulatory risk.

Risks Relating to the Securities

Certain factors represent risks inherent in investing in the Securities issued, including:

- The Securities are certificates which expose the investor to the risk of the Underlying and investors may lose their entire investment if the Underlying is valued at zero.
- The Securities may not be a suitable investment for all investors and each potential investor must determine the suitability in light of its own circumstances. Some Securities are complex financial instruments and a potential investor should not invest in such Securities unless it has the relevant expertise.
- Several factors will influence the value of the Securities and many of which are beyond the Issuer's control. Such factors include changes in the value of the Underlying, interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities, the volatility of the Underlying, fluctuations in the rates of exchange or value of currencies relating to the Securities and/or the Underlying, restrictions on the exchangeability of currencies relating to the Securities and/or the Underlying, disruptions affecting the value or settlement of the Securities and/or the Underlying and the creditworthiness of the Issuer.
- There may not be a secondary market in the Securities. As a consequence, liquidity in the Securities should be considered as a risk. In the event that such a secondary market does not develop, an investor selling the Securities is unlikely to be able to sell its Securities or at

prices that will provide him with a yield comparable to similar investments that have developed a secondary market.

- 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 issue size is therefore not indicative of the depth or liquidity of the market or of the demand for such Series of Securities.
- The Securities may not be a perfect hedge to an Underlying nor may it be possible to liquidate the Securities at a level which directly reflects the price of the Underlying.
- The Issuer and/or its affiliates may enter into transactions or carry out other activities in relation to the Underlying which may affect the market price, liquidity or value of the Underlying and/or the Securities in a way which could be adverse to the interests of each holder of the Securities (each, a “**Holder**” and together, the “**Holder**s”).
- The Issuer’s hedge position (if any) in the jurisdiction of the relevant Underlying could be impacted by foreign exchange control restrictions. In certain circumstances, including the insolvency of the hedging counterparty or the unenforceability of the associated hedging transaction (if any), the investor may lose some or all of its investment.
- The Securities convey no interest in the Underlying to the investors. The Issuer may choose not to hold the Underlying or any derivative contracts linked to the Underlying.
- The Calculation Agent is the agent of the Issuer and not the Holders. The Calculation Agent may make adjustments as a result of certain corporate actions

affecting the Underlying. In making such adjustments, the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest.

- The Issuer may limit the number of Securities exercisable on any date (other than the final exercise date) or by any person on any date. An investor may have to tender a specified minimum number of the Securities in order to exercise the Securities.
- There may be a delay between the time of exercise of the Securities and the determination of the amount payable following such exercise or the time of physical settlement following such exercise. Such delay may increase or decrease the return from the Securities.
- Securities not exercised in accordance with the Conditions will (where exercise is required) expire worthless.
- Taxes may be payable by purchasers and sellers of the Securities and tax regulations and their application may change from time to time.
- If payments on the Securities are or become subject to a withholding or deduction required by law, none of the Issuer, the Principal Agent nor any other person shall pay any additional amounts to the Holders in respect of such withholding or deduction.
- The Issuer may elect to terminate the Securities early should U.S. withholding tax apply to any current or future payments on the Security.
- The Issuer may terminate the Securities early if it determines that the performance of its obligations under the Securities or that maintaining its hedging arrangement (if any) is no longer legal or practical in whole or in part for any reason.
- Where the Securities are held in global or dematerialised

form by or on behalf of a clearing system, the Issuer and any Agent shall treat the bearer of the Securities or the relevant clearing system as the sole holder of such Securities. Holders must look to the relevant clearing system in respect of payments made in respect of such Securities.

- Where an investor uses a nominee service provider or holds interests in Securities through accounts with a clearing system, such investor will receive payments in respect of the Securities solely on the basis of the arrangements with such third party and is exposed to the credit risk and default risk of such third party.
- An investor's total return on an investment in any Securities will be affected by the level of fees charged by any nominee service provider or clearing system used by the investor.
- No assurance can be given as to the impact of any possible change to English law or administrative practice. English law may be materially different from the equivalent law in the home jurisdiction of prospective investors.
- Credit ratings assigned to the Securities may not reflect the potential impact of all the risks that may affect the value of the Securities.
- The investment activities of investors may be restricted by legal investment laws and regulations, or by the review or regulation by certain authorities.
- The Issuer may make modifications to the Securities without the consent of the Holders which may affect the Holders' interest for the purpose of curing an error or ambiguity, substituting itself as debtor or in any other manner which is not materially prejudicial to the interests of the Holders.

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:	<p>A range of certificates may be issued under this Base Prospectus. The terms and conditions (the “Conditions”) applicable to such certificates are contained in the General Conditions which are applicable to all certificates, the Product Conditions applicable to the particular type of certificate being issued and the Final Terms applicable to the particular Series being issued.</p> <p>Certificates are investment instruments which, when exercised or terminated in accordance with their Conditions, pay an amount determined by reference to the value of the underlying currency, commodity, index (including in the case of an index, the index and its constituent elements), stock, bond, basket or other product (each, the “Underlying”) on one or more specified days, subject to the certificate entitlement. The types of certificates that may be issued under this Base Prospectus are described below.</p> <p>Dividends received by the Issuer on holding any hedge for the certificates during the life of the certificates may, if so specified in the applicable Product Conditions, be passed on to the Holder, as further described in the Conditions.</p>
Open End Certificates:	Open end certificates are similar to ordinary certificates, in that they track in a linear manner the Underlying. The difference between an open end certificate and an ordinary

certificate is that an open end certificate does not have an expiration date or maturity date but will instead continue indefinitely until either the Holder exercises or the Issuer terminates the certificates.

Where the Underlying is a product which has an expiration, for example a future or forward, then the Underlying may be substituted for an equivalent instrument during the life of the open end certificates.

Open End Quanto Certificates:

Where the currency for settlement of payments in respect of the Securities is different to the currency of the Underlying, an open end certificate may have a quanto feature (effectively a fixed rate of exchange between the two currencies for the duration of the certificate) and the Issuer may charge the Holder for arranging and maintaining such quanto feature by way of reducing the amount received by the Holder on exercise or termination.

Open End Certificates Underlying:

Open end certificates may be issued in relation to a wide range of Underlyings, including, without limitation, commodities, indices, forward or future contracts related to one or more commodities, funds, baskets of indices and funds and other assets.

Spread Open End Certificates:

The spread certificates are leverage type investment instruments, which are not comparable to a direct investment in the underlying assets, because the value of the certificates is linked to the relative performance between two underlying assets comprising a long position in one underlying asset and a short position in another underlying asset. This relative performance is expressed as a percentage rate. Spread certificates contain features including stop-loss, which if breached will result in the early termination of the certificate and issuer automatic call, both of which are based on closing prices or levels of the Underlying.

Rolling Covered Call Open End Certificates:

Rolling covered call certificates are strategy certificates without a fixed expiration date that track the performance of the strategy set out in the applicable Final Terms. Rolling

covered call certificates may, as specified in the applicable Final Terms, entitle Holders to payment of a coupon or an interim settlement amount on such dates and at such amounts as are set out in the applicable Final Terms. If specified in the applicable Final Terms, the Issuer will be entitled to terminate a rolling covered call certificate upon such notice as is set out in the applicable Final Terms.

Rolling Mini Short Open End Certificates: Rolling mini certificates have no fixed expiration date or maturity date but will instead continue indefinitely until they are exercised by the Holder, terminated by the Issuer, or knocked out. Certain elements, including but not limited to the current leverage factor, the price or level of the underlying and the value of the certificates, may be observed to determine whether adjustments need to be made to any of the terms and conditions of the certificates to maintain the leverage within certain limits. In addition to such adjustments, the Holder could be entitled to an interim payment.

Indicative Issue Price: The Securities will be issued at a price determined by the Issuer who may, in making such determination, refer to, amongst other factors, the level of the Underlying adjusted for the relevant certificate entitlement and any applicable foreign exchange rate(s).

Maturity: The Securities do not have any fixed maturity date.

Interest: The Securities will not be interest bearing.

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.

The Issuer may terminate any Securities if it shall have determined in its absolute discretion that payments made on the Securities are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity and that these payments have or will become subject to U.S. withholding tax. 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 less the cost to the Issuer of unwinding any related hedging arrangements and of paying any required U.S. withholding tax.

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 or any entity other than RBS 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.

Taxation:

The Holder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

Events of Default:

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

- (a) default in payment of any principal or other amount 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.

Product Conditions:

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

Form of Securities:

The Securities, other than Securities issued in dematerialised form, will be issued in global bearer form.

If SIX SIS Ltd is specified as Clearing Agent, Securities will, following their issuance, be transformed into intermediated securities in accordance with article 6 of the

Swiss Federal Intermediated Securities Act.

If CREST (defined below under “General Information” – “Clearing and Settlement Systems”) is specified as the Clearing Agent in the applicable Final Terms, notwithstanding any provisions to the contrary contained in this Base Prospectus, the Securities will be registered Securities in dematerialised and uncertificated form.

Exercise of Securities:

Securities may be exercised on any Exercise Date, as specified in the applicable Final Terms. Notification of any such automatic exercise will be made in the manner set out under “General Information”.

Settlement of Securities:

Securities will be cash settled.

Market Disruption Events:

If a Market Disruption Event occurs Holders of Securities 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.

Emerging Market Disruption Events:

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 and the cash price paid on settlement may be adversely affected. Emerging Market Disruption Events are defined in section 1 of the Product Conditions.

Potential Adjustment Event:

If a Potential Adjustment Event occurs the Calculation Agent may adjust one or more of the Conditions to account for the diluting or concentrative effect of the Potential Adjustment Event. Potential Adjustment Events are defined

in Product Condition 4 for each type of Security (if applicable) and vary depending on the type of Security.

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 in this Base Prospectus.

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

RISK FACTORS

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 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 Registration Document on pages 3-20 (as supplemented) 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. As stated in the section entitled "General Information – Part A: General – Proposed Transfers", certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. This disclosure includes certain risk factors relating to RBS and the RBSG Group. In respect of that disclosure, each potential investor in the Securities should refer to the Risk Factors section in the RBS Registration Document on pages 3-31.

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

The Securities are certificates which entail particular risks

The certificates to be issued are investment instruments which, when exercised or terminated pay an amount determined by reference to the level of the underlying currency, commodity, index (including in the case of an index, the index and its constituent elements), stock, bond or other product, subject to the certificate entitlement. As such, certificates expose the investor to the risk of the Underlying. Investors should be aware that their entire investment may be lost in the event that the Underlying is valued at zero. However, investors are able to hold certificates in the expectation of a recovery in the price of the Underlying.

The price at which a Holder will be able to sell certificates may be at a potentially substantial discount to the market value of the certificates at the issue date, if, at such time and in addition to any other factors, the value of the Underlying is below, equal to or not sufficiently above the value of the Underlying at the issue date.

Open end certificates are similar to ordinary certificates, in that they track in a linear manner the Underlying. The difference between an open end certificate and an ordinary certificate is that an open end certificate does not have an expiration date or maturity date but will instead continue indefinitely until either the Holder exercises or the Issuer terminates the certificates.

The spread certificates are leverage type investment instruments, which are not comparable to a direct investment in the underlying assets, because the value of the certificates is linked to the relative performance between two underlying assets comprising a long position in one underlying asset and a short position in another underlying asset. This relative performance is expressed as a percentage rate. Spread certificates contain features including stop-loss, which if breached will result in the early termination of the certificate and issuer automatic call, both of which are based on closing levels of the Underlying.

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 other amounts payable in one or more currencies, or where the currency for principal or other 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;
- (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; and
- (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 choose not to do so.

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

The value of the Securities may fluctuate

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

- (b) *Interest Rates.* Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Securities at any time prior to valuation of the Underlying relating to the Securities.
- (c) *Volatility.* The term “volatility” refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macro economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will most likely have separate volatilities at any particular time.
- (d) *Exchange Rates.* Even where payments in respect of the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future or 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. Where Securities

are described as being “quantoed”, the value of the Underlying will be converted from one currency (the “**Original Currency**”) into a new currency (the “**New Currency**”) on the date and in the manner specified in, or implied by, the Conditions using a fixed exchange rate. The cost to the Issuer of maintaining such a fixing between the Original Currency and the New Currency will have an implication on the value of the Securities. The implication will vary during the term of the Securities. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Original Currency and the New Currency, a quanto feature in a Security would at any time enhance the return on the Security over a level of a similar security issued without such a quanto feature.

- (e) *Disruption.* If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event (which includes Emerging Market Disruption Events), Fund Event, Potential Adjustment Event and/or De-listing has occurred or exists at a relevant time. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

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 recourse, in that respect, 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.

Over-Issuance

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.

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.

Disruption of the Issuers Hedge Position may affect the value of the Securities

The Issuer may enter into a hedging transaction in the relevant jurisdiction of the Underlying in order to offer exposure to the Underlying. Foreign exchange control restrictions, including restrictions which prevent the conversion of the Underlying Currency (as defined in the Product Conditions) into the Settlement Currency (as defined in the Product Conditions) and the transfer of the Settlement Currency to accounts outside the jurisdiction of the Underlying could result in a delay in the determination of the Final Reference Price and the Settlement Date, which delay could be lengthy.

In certain circumstances, including but not limited to, the insolvency of the hedging counterparty or the unenforceability of the associated hedging transaction, an investor may lose some or all of its investment as specified in Product Condition 3(d) below.

Holders have no ownership interest in the Underlying

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

Actions taken by the Calculation Agent may affect the Underlying

The Calculation Agent is the agent of the Issuer and not the agent of the Holders or any of them. The

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

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

- (a) *Maximum Exercise Amount.* If so indicated in the Conditions, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the final exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a holder of Securities may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum (unless the Issuer otherwise elects), such Securities being selected as specified in the Conditions. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

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

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

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

There may be delays in effecting settlement

If the Securities are subject to provisions relating to exercise, then upon their exercise, there will be a time lag between the time a holder of the Securities gives instructions to exercise and the time the

applicable Cash Amount relating to such exercise is determined. Any such scheduled delay between the time of exercise and the determination of the Cash Amount will be specified in the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of such Securities arising from, as described above, any daily maximum exercise limitation or, as described above, any delay consequent upon the determination by the Calculation Agent that a Market Disruption Event (which includes Emerging Market Disruption Events) occurred at any relevant time. The applicable Cash Amount could decrease or increase from what it would have been but for such delay.

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

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

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

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

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

Taxes may be payable by investors

Potential purchasers and sellers of the Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred. Holders are subject to the provisions of General Condition 9 and payment and/or delivery of any amount due in respect of the Securities will be conditional upon the payment of any Expenses as provided in the Product Conditions.

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

No tax gross-up

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

Payments on the Securities may be subject to U.S. withholding tax and/or early termination on account of U.S. withholding tax

Due to recently enacted U.S. legislation, payments on any Security that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”) may become subject to a 30% U.S. withholding tax when made to Non-U.S. holders (as defined in “Taxation – United States”). The imposition of this U.S. withholding tax will reduce the amounts received by Non-U.S. holders. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of such U.S. withholding. Additionally, the Issuer may elect to terminate the Securities, in accordance with General Condition 3(b), should this U.S. withholding tax apply to any current or future payments on the Security. If a Non-U.S. holder becomes subject to this withholding tax, it is unclear whether the Non-U.S. holder will be able to claim any exemptions under its applicable double tax treaty. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change.

The Securities may be terminated prior to their stated date

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

Risks associated with Securities held in global form

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

where required, against presentation or surrender (as the case may be) of any relevant global Security. The risk is that the bearer of the relevant global Security, typically a depositary or a nominee for a depositary for the Relevant Clearing System, or, in the case of Securities in dematerialised form, the Relevant Clearing System and not the Holder itself, shall be treated by the Issuer and any Agent (as defined in the Conditions) as the sole holder of the relevant Securities with respect to the payment of principal 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 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 exercise date or maturity date (as the case may be) 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 any 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 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.

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

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. Where a Series of Securities is to be rated, such rating will not necessarily be the same as any rating assigned to any Securities already issued. Whether or not a rating in relation to any Series of Securities will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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.

RESPONSIBILITY STATEMENT

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the “**Competent Authority**”) shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

PART A: IN RELATION TO RBS N.V.

1. The registration document of the Issuer dated 5 April 2011 and the supplement thereto dated 19 April 2011 (together, the “**Registration Document**”) excluding the first paragraph of the section entitled “Description of RBS Holdings N.V. and the Royal Bank of Scotland N.V. – General Information”.
2. The prospectus dated 1 July 2010 relating to the Issuer’s LaunchPAD Programme for Open End Certificates (excluding the sections entitled “Summary” and “Form of Final Terms”).
3. The RBS Holdings Annual Report 2010 (excluding the sections headed “Business Review - Risk factors” on page 9 and the section headed “Additional Information – Risk factors” on pages 221 to 231) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010.
4. The ABN AMRO Holding N.V. Annual Report 2009 (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.
5. The Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus.
6. The press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” which was published by RBS N.V. via RNS on 19 April 2011.

PART B: IN RELATION TO RBS

- (a) The registration document of RBS dated 25 February 2011, which was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 25 February 2011 (the “**RBS Registration Document**”) excluding:

- (i) the fourth paragraph on page 1 which discusses ratings;
 - (ii) the risk factor set out on pages 17 and 18 headed “As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group’s operations”;
 - (iii) the second paragraph under the sub-section headed “Assets, owners’ equity and capital ratios” on page 32;
 - (iv) the third paragraph on page 42 under the sub-section of “Investigations” headed “Payment Protection Insurance”;
 - (v) each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 61; and
 - (vi) the paragraphs on pages 61 to 63 headed “Material Contracts”.
- (b) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections headed “Financial Review — Risk factors” on page 5 and “Additional Information — Risk Factors” on pages 238 to 254) published on 15 April 2011.
- (c) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the RBS, together with the audit report thereon) for the year ended 31 December 2009 (excluding the section headed “Risk factors” on pages 5 to 23) published on 9 April 2010.
- (d) The following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011 (the “**2010 Annual Report and Accounts of RBSG**”):
- (i) Independent auditor’s report on page 267;
 - (ii) Consolidated income statement on page 268;
 - (iii) Consolidated statement of comprehensive income on page 269;
 - (iv) Balance sheets as at 31 December 2010 on page 270;
 - (v) Statements of changes in equity on pages 271 to 273;
 - (vi) Cash flow statements on page 274;
 - (vii) Accounting policies on pages 275 to 286;
 - (viii) Notes on the accounts on pages 287 to 385;
 - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;

- (x) Chairman's statement on pages 2 to 3;
 - (xi) Group Chief Executive's review on pages 4 to 5;
 - (xii) Our key targets on page 7;
 - (xiii) Our business and our strategy on pages 8 to 19;
 - (xiv) Divisional review on pages 20 to 41;
 - (xv) Business review on pages 49 to 224;
 - (xvi) Report of the Directors on pages 230 to 234;
 - (xvii) Corporate governance on pages 235 to 245;
 - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
 - (xix) Directors' remuneration report on pages 248 to 263;
 - (xx) Directors' interests in shares on page 264;
 - (xxi) Financial summary on pages 387 to 395;
 - (xxii) Exchange rates on page 395;
 - (xxiii) Economic and monetary environment on page 396;
 - (xxiv) Supervision on page 397;
 - (xxv) Regulatory developments and reviews on pages 398 to 399;
 - (xxvi) Description of property and equipment on page 399;
 - (xxvii) Major shareholders on page 399;
 - (xxviii) Material contracts on pages 399 to 404; and
 - (xxix) Glossary of terms on pages 434 to 439.
- (e) The following sections of the 2009 annual report and accounts of RBSG, which was published by RBSG on 18 March 2010:
- (i) Independent auditors' report on page 240;
 - (ii) Consolidated income statement on page 241;
 - (iii) Consolidated statement of comprehensive income on page 242;
 - (iv) Balance sheets at 31 December 2009 on page 243;
 - (v) Statements of changes in equity on pages 244 to 246;

- (vi) Cash flow statements on page 247;
 - (vii) Accounting policies on pages 248 to 258;
 - (viii) Notes on the accounts on pages 259 to 348;
 - (ix) What we have achieved on page 1 (excluding the financial information on that page which is indicated as being “pro forma”);
 - (x) Chairman’s statement on pages 2 to 3;
 - (xi) Group Chief Executive’s review on pages 4 to 6;
 - (xii) Our strategic plan and progress on pages 12 to 19;
 - (xiii) Divisional review on pages 20 to 41;
 - (xiv) Business review on pages 49 to 85 and pages 108 to 206 (excluding the financial information on pages 72 to 85 and pages 108 to 116 which is indicated as being “pro forma”);
 - (xv) Report of the Directors on pages 208 to 213;
 - (xvi) Corporate governance on pages 214 to 222;
 - (xvii) Letter from the Chairman of the Remuneration Committee on pages 223 to 224;
 - (xviii) Directors’ remuneration report on pages 225 to 236;
 - (xix) Directors’ interests in shares on page 237;
 - (xx) Impairment review on pages 302 to 303;
 - (xxi) Financial summary on pages 350 to 359;
 - (xxii) Exchange rates on page 359;
 - (xxiii) Economic and monetary environment on page 360;
 - (xxiv) Supervision on page 361;
 - (xxv) Regulatory developments and reviews on pages 361 to 362;
 - (xxvi) Description of property and equipment on pages 362 to 363;
 - (xxvii) Major shareholders on page 363; and
 - (xxviii) Glossary of terms on pages 383 to 387.
- (f) The following sections of the Shareholder Circular published by RBSG on 27 November 2009:
- (i) “Financial Information” on page 5;

- (ii) “Part I – Letter From the Chairman of RBS” on pages 10 to 20;
 - (iii) “Appendix 2 to the Letter From the Chairman of RBS – Principal Terms and Conditions of the APS” on pages 46 to 75;
 - (iv) “Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share” on pages 76 to 84;
 - (v) “Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan” on pages 85 to 86;
 - (vi) “Part VI – Definitions” on pages 121 to 133;
 - (vii) “Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share” on pages 134 to 170; and
 - (viii) “Annex 3 – Scheme Principles” on pages 177 to 181.
- (g) The press release headed “The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities” published via the RNS on 20 October 2009.
- (h) The press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” (excluding (i) the statement therein which reads “Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement” and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011 (the “**Press Release**”).
- (i) The unaudited RBSG Interim Management Statement Q1 2011 published via the RNS on 6 May 2011.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information contained in the 2010 Annual Report and Accounts of RBSG (together, the “**Unaudited Pro Forma Financial Information**”) which is incorporated by reference into this Base Prospectus has been prepared for illustrative purposes only and addresses a hypothetical situation. Therefore, the Unaudited Pro Forma Financial Information does not represent the actual financial position or results of the RBSG Group as at and for the periods in respect of which the Unaudited Pro Forma Financial Information has been prepared.

The Unaudited Pro Forma Financial Information shows the underlying performance of the RBSG Group including the results of the RBS Holdings businesses retained by the RBSG Group. The Unaudited Pro Forma Financial Information is prepared using the RBSG Group’s accounting policies

and is being provided to give a better understanding of the RBSG Group's operations excluding the results attributable to the other consortium members. The basis of preparation of the pro forma results is detailed under the heading "Basis of preparation of pro forma results" on page 113 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein). In future periods, there will be no significant differences between pro forma and statutory results other than presentation aspects discussed under the heading "Pro forma results" on page 53 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein).

PART C: IN RELATION TO BOTH RBS N.V. AND RBS

If the documents which are incorporated by reference in this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this 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.

In relation to those documents of which only part thereof is incorporated by reference in this Base Prospectus, those parts of such documents which are not incorporated either are not relevant for the investor or are covered elsewhere in this Base Prospectus.

Copies of the above documents:

- are accessible at (in the case of the Part A documents for RBS N.V.) <http://markets.rbs.com/bparchive> and (in the case of the Part B documents for RBS) <http://markets.rbs.com/EN/Showpage.aspx?pageID=1122>; or
- can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com; or
- can be obtained (in the case of the Part A documents for RBS N.V.) at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and (in the case of the Part B documents for RBS) the registered office of RBS at 36 St Andrew Square, Edinburgh EH2 2YB.

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.

This Base Prospectus and any supplement will be valid for listing Securities on Euronext Amsterdam by NYSE Euronext and/or any other exchange in an unlimited aggregate nominal amount.

Material Changes

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 or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

TAXATION

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/or other charges in accordance with the laws and 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 acquisition, ownership, transfer or exercise or non-exercise of any Securities.

Prospective purchasers should be aware that the tax treatment depends on the individual circumstances of each Holder of Securities and may be subject to change in the future.

The following does not address any tax consequences of the Proposed Transfers, regarding which Holders of Securities should seek their own professional advice. It also does not address any tax consequences relating to Securities issued or raised by RBS.

Any Security which is transferred under the Proposed Transfers pursuant to the Part VII Scheme shall be referred to in this section as a "**Part VII Scheme Security**"; and such Securities, "**Part VII Scheme Securities**".

As noted above in the section entitled "Summary - Proposed transfer of activities", if the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers, other than to the extent stated in relation to Part VII Scheme Securities.

2. EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), EU member states, subject to the following exceptions, are required to provide to the tax authorities of another EU member state details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that

other EU member state or to certain limited types of entities established in that other EU 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).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

3. THE NETHERLANDS

General

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current Netherlands tax law as applied in the Netherlands relating only to certain aspects of Netherlands taxation. 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 or RBS and holders of Securities of whom a certain related person holds a substantial interest in the Issuer or RBS. Generally speaking, a substantial interest 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 a company or of 5 per cent. or more of the issued capital of a certain class of shares of a company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in a company;
- (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.

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

Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Securities

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

Securities issued by the Issuer's London branch and Part VII Scheme Securities

Payments on these Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political or taxing authority thereof or therein.

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer (whether or not through its London branch), whether or not they are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities), may generally be made without withholding on account of Netherlands taxation.

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 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 52 per 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 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the end of the calendar year, insofar as it exceeds a certain threshold. 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. The fair market value of the Securities will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments will be taxed at a rate of 30 per 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 per 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 52 per 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 the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and United Kingdom HM Revenue & Customs (“HMRC”) practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, not exercising or disposing of Securities and should not be relied upon by Holders or prospective Holders of Securities. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Securities depends on their individual

circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Securities will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as amended and supplemented by the applicable Final Terms. For United Kingdom tax purposes, the term “Security” or “Securities” refers to instruments of the type described in this Base Prospectus and is not intended to be determinative (or indicative) of the nature of the instrument for the purposes of United Kingdom taxation. Prospective Holders of Securities who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective Holder of Securities should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

Withholding Tax

Securities issued by the Issuer otherwise than through the Issuer’s London branch and which are not Part VII Scheme Securities

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

Securities issued by the Issuer’s London branch and Part VII Scheme Securities Payments made in respect of these Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes.

Even if such payments were to be regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes, the Issuer or RBS, as applicable, 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 payments are regarded as made under 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 the payments are made under options, futures or contracts for differences for the purposes of Part 7 of that Act, which 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 payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer’s London branch or RBS, as applicable, 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 or RBS's business, as applicable, within the meaning of section 878 ITA 2007.

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

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities is paid by a company and, at the time the payment is made, the Issuer's London branch or RBS, as applicable, 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 by the Issuer's London branch or RBS, as applicable, of interest on or in respect of Securities, 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 or RBS, as applicable, 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, as applicable).

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Securities may generally be made without withholding on account of United Kingdom income tax.

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer's London branch or which are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities) may be subject to United Kingdom withholding tax, subject to the availability of any exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty.

Certain other United Kingdom tax considerations

Payments made in respect of Securities issued by the Issuer's London branch and (from the time of the transfer) the Part VII Scheme Securities are generally expected to have a United Kingdom source. Accordingly, depending upon the category of the income, such payments may be chargeable to United Kingdom tax by direct assessment even where the Holder of Securities is not resident (or in the case of an individual, ordinarily resident) in the United Kingdom and does not hold their Securities for the purposes of, or receive such payments in connection with, a trade, profession or vocation carried on via a branch, agency or permanent establishment in the United Kingdom, although in practice HMRC may not seek to enforce any such liability in respect of such a Holder of Securities.

If Holders of Securities are liable to United Kingdom tax by way of direct assessment, Holders of Securities which are resident in a jurisdiction with an appropriate double taxation treaty with the United Kingdom may be entitled to claim exemption from direct assessment under the terms of that double taxation treaty.

UK Information Gathering Powers

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) from any person in the United Kingdom who either pays or credits interest (or amounts treated as interest) to or receives interest (or amounts treated as 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 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities is resident for tax purposes.

Stamp Taxes

For the purposes of the following paragraphs, “**Exempt Loan Capital**” means any security which constitutes loan capital (“**Loan Capital**”) for the purposes of section 78 of the Finance Act 1986 (“**FA 1986**”) and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (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) subject to certain exceptions 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

Subject to the following paragraph, no stamp duty will generally be payable in relation to the issue of Securities, including where such Securities are issued into CREST.

In relation to Securities issued in bearer form which are denominated in sterling and which are not Loan Capital, a charge to United Kingdom stamp duty at 1.5 per cent. of the value of such Securities may arise. No stamp duty liability will arise on the issue of such Securities by the Issuer if issued outside the United Kingdom. However, in relation to Securities of that kind originally issued by the Issuer outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent. of the value of such Security may arise. Furthermore, an instrument issuing a Security which has the characteristics of an option or any instrument granting such a Security may technically be subject to United Kingdom stamp duty at a rate of up to 4 per cent. of the consideration paid for the Security.

Stamp duty on the transfer of Securities

Other than as described above, no United Kingdom stamp duty should be required to be paid on transfers of Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring a Security on sale of the Security may technically be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities if the Securities are not Exempt Loan Capital.

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty for example, if the Security to which it relates is issued by the Issuer and is not a Part VII Scheme Security, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be registered or used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that such an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either (i) an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or (ii) an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

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

No SDRT should be payable in relation to the issue of a Security by the Issuer or the transfer of such 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**”), in each case, unless the Security is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire 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 in respect of a Security issued by the Issuer and which is not a Part VII Scheme Security on the issue or transfer of such a Security to a Clearance Service where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to

subscribe for, or an option to acquire 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 analysis in the above paragraph is likely to apply to the transfer of a Security to a Clearance Service where no s97A Election applies in respect of the Security where such Security was issued by the Issuer and is a Part VII Scheme Security, although this is not free from doubt. Were the analysis in the above paragraph not to apply to a transfer of such a Security to a Clearance Service where no s97A Election applies in respect of the Security, SDRT at a rate of 1.5 per cent. may be payable on such a transfer in circumstances other than those described in the paragraph above if the Security is not Exempt Loan Capital.

The ECJ has found in *C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty’s Revenue & Customs (Case C-569/07)* that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service 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 issue of Securities into CREST

No SDRT will be payable in respect of the issue of Securities into CREST, provided they are not issued to a Clearance Service or to a person issuing depositary receipts.

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 applies in respect of the Security.

SDRT on the transfer of Securities held outside a Clearance Service, held within CREST or held within a Clearance Service where a s97A Election applies in respect of the Security

In the case of Securities issued by the Issuer which are not Part VII Scheme Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, no SDRT should be payable in relation to any agreement to transfer such a Security unless it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares

issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form.

In the case of Securities issued by the Issuer which are not Part VII Scheme Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, SDRT should generally be payable in relation to any agreement to transfer such a Security where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form. Any such 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 Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

Provided the Securities are not registered in a register kept in the United Kingdom, the analysis in the above paragraphs is likely to apply to the transfer of a Security issued by the Issuer which is a Part VII Scheme Security and which is held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, although this is not free from doubt. Were the analysis in the above paragraphs not to apply to a transfer of such a Security, SDRT may 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 Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.) in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

Were the Security (whether or not it is a Part VII Scheme Security) to be registered in a register kept in the United Kingdom, for example, because this was required for the purposes of CREST, SDRT may be payable in relation to the transfer of such a Security within CREST or any agreement to transfer such a Security at a rate of 0.5 per cent. of the consideration given in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

5. UNITED STATES

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S.

INTERNAL REVENUE SERVICE (THE “IRS”), WE INFORM YOU THAT ANY TAX DISCUSSION HEREIN WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY PERSON FOR PURPOSES OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THAT PERSON. ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN. EACH PROSPECTIVE PURCHASER OF SECURITIES SHOULD SEEK ADVICE BASED ON THAT PERSON’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following summary describes certain U.S. federal withholding tax considerations that may be relevant to a Non-U.S. holder (as defined below) that purchases Securities, but is not purported to be a complete analysis of all potential tax effects. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations promulgated thereunder, and published rulings and court decisions, all as in effect and existing on the date of this Base Prospectus and all of which are subject to change at any time with retrospective or prospective effect. The U.S. federal income tax considerations discussed below will continue to apply to Part VII Scheme Securities.

For purposes of this discussion, a “**Non-U.S. holder**” means a beneficial owner of the Securities that is not:

- (a) a citizen or individual resident of the United States, as defined in Section 7701(b) of the Code,
- (b) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia;
- (c) an estate the income of which is subject to U.S. federal income tax without regard to its source;
- (d) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (y) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person; or

- (e) otherwise subject to U.S. federal income tax on a net income basis.

If a partnership holds the Securities, the tax treatment of a partner will generally depend upon the status of the partner the partnership as well as the activities of the partnership. Partners in partnerships holding the Securities should consult their tax advisers regarding the U.S. federal income tax consequences of acquiring, owning, exchanging and disposing of the Securities.

Withholding on Dividend Equivalent Payments

Recently enacted U.S. legislation imposes a 30% U.S. withholding tax on payments that are directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”). The type of payments that constitute Dividend Equivalent Payments subject to this withholding tax is not entirely clear. Payments on Securities with equity in U.S. entities, or indices that include equity in U.S. entities, as the Underlying, or that reference dividend payments made by U.S. entities, could become subject to this withholding tax. Non-U.S. holders may not be able to claim the benefits of a double tax treaty to reduce this withholding. Additionally, amounts paid pursuant to an early termination made in accordance with General Condition 3(b) could be subject to withholding if they are deemed to be Dividend Equivalent Payments. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of any U.S. withholding imposed on any Dividend Equivalent Payment. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change. Non-U.S. holders should consult their tax advisers about possibility of U.S. withholding on payments made on Securities.

6. 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 this Base Prospectus. 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.

If RBS becomes the issuer of Securities as a result of the Part VII Scheme, the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed. 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.

SELLING RESTRICTIONS

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 such 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 and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) 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 (d) 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

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. §1.163-5(c)(2)(i)(C) (the “**C Rules**”). Securities having a maturity of one year or less are not subject to the C Rules.

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

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

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

Notice to purchasers and holders of restricted securities and transfer restrictions

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

- (a) that trading in the Securities has not been and will not be approved by the CFTC under the CEA;
- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Securities of such Series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (c) that it is not purchasing any Securities of such Series for the account or benefit of any U.S. person;
- (d) that it will not make offers, sales, resales or deliveries of any Securities of such Series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (e) that it will send each person who purchases any Securities of such issue from it a written confirmation (which shall include the definitions of United States and U.S. person set forth herein) stating that the Securities have not been registered under the

Securities Act, that trading in the Securities has not been approved by the CFTC under the CEA and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver any of such Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;

- (f) that no U.S. person or person in the United States may at any time trade or maintain a position in the instruments and that a person entitled to receive an interim payment or exercising (or entitled to receive any amount at maturity or exercise under) the instrument will be required to certify that neither it nor the beneficial owner of the instrument is a U.S. person or is located in the United States;
- (g) that any person exercising a Security will be required to represent that it is not a U.S. person; and
- (h) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Securities prior to 40 days after the closing of the offer of the relevant Securities, it will do so only (a) outside the United States in compliance with Rule 903 or 904 under the Securities Act and (b) in accordance with all applicable United States state securities laws; and it acknowledges that the Global Securities will bear a legend to the following effect unless otherwise agreed to by the Issuer:

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

5. UNITED KINGDOM

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

comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

6. INDIA

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

- (a) it consents to the provision by the Group to any Indian governmental or regulatory authority of any information regarding it and its dealings in the Securities as required under applicable Indian regulations and/or as requested by any Indian governmental or regulatory authority;
- (b) it agrees to promptly provide to the Group, or directly to the relevant Indian governmental or regulatory authority (and confirm to the Group when it has done so), such additional information that the Group deems necessary or appropriate in order for the Group to comply with any such regulations and/or requests;
- (c) the Securities are not being purchased by, 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 a “person regulated by an appropriate foreign regulatory authority” (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) (each, a “Restricted Entity”) or a nominee of a Restricted Entity;
- (d) the Securities shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity where “controller” means any person or group of persons who (i) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of the purchaser; (ii) holds or is otherwise entitled to a majority or more of the economic interest in the purchaser, or (iii) in fact exercises control over the purchaser. “Control” means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or

indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies.

- (e) it has purchased the Securities on its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument shall be entered against the Securities;
- (f) 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;
- (g) it acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a transfer) ("**Obligations**") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the Obligations by it, the Issuer and/or its associates/affiliates may notify the relevant Indian governmental or regulatory authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Securities, or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Securities by the Issuer and/or its associates/affiliates;
- (h) it will promptly notify the Issuer should any of the representations, warranties, agreements and undertakings given by it change or no longer hold true; and
- (i) 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 (i) (inclusive).

7. HONG KONG

The Securities (except for Securities which are a “structured product” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the “SFO”)) 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 SFO and any rules made under that Ordinance; 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 person may issue or have in its possession for the purposes 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 of Hong Kong other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong, or only to “professional investors” within the meaning of the SFO and any rules made under that Ordinance.

8. SINGAPORE

For Securities which are classified in Singapore as units (“CIS Securities”) in “collective investment schemes” (“CIS”):

The offer or invitation of the CIS Securities, which is the subject of this Base Prospectus, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under Section 287 of the SFA. The CIS is not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and the CIS Securities are not allowed to be offered to the retail public. This Base Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in

connection with the offer or sale, or invitation for subscription or purchase, of CIS Securities may not be circulated or distributed, nor may CIS Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where CIS Securities are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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 of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the CIS Securities pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 305A(5) of the SFA.

For Securities which are not classified in Singapore as units in a CIS:

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in

connection with the offer or sale, or invitation for subscription or purchase, of Securities may not be circulated or distributed, nor may Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”); (ii) to a relevant person pursuant to Section 275(1), 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.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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 of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

9. TAIWAN

The Securities may not be sold, offered or issued to Taiwan resident investors unless they are made available outside Taiwan for purchase by such investors outside Taiwan.

10. SAUDI ARABIA

Any purchase of the Securities relating to or linked to securities, whether or not listed on a stock exchange, in Saudi Arabia 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 Issuer that:

- (a) it consents to the provision by the Issuer to any Saudi Arabian governmental or regulatory authority, (such as the KSA Capital Markets Authority) of any information regarding it and its dealings in the Securities as required under applicable Saudi Arabian regulations and/or as requested by any Saudi Arabian governmental or regulatory authority;
- (b) it agrees to promptly provide to the Issuer, or directly to the relevant governmental or regulatory authority (and confirm to the Issuer when it has done so), such additional information that the Issuer deems necessary or appropriate in order for the Issuer 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 a “Non-resident foreign investor” for the purposes of any CMA or other governmental or regulatory authority resolution and it is not knowingly entering into a transaction for the purchase of Securities, on behalf of, or for the benefit or account of any person or entity that is not a non-resident foreign investor for the purposes of such resolution.

Prospective investors must seek legal advice as to whether they are entitled to subscribe to the Securities and must comply with all relevant Saudi Arabian 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 Saudi Arabia from acquiring, owning or selling the Securities.

11. 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.

FORM OF THE SECURITIES

Information under this heading is applicable to Securities for which the Clearing Agent is specified to be Euroclear Bank S.A./N.V. and/or Clearstream Banking in the applicable Final Terms.

Initial Issue of Securities

Global Securities in bearer form

Global Securities in bearer form may be delivered on or prior to the original issue date of the related Series of Securities to a Clearing Agent or the depositary for one or more Clearing Agents (the “**Common Depositary**”).

Upon the initial deposit of a Global Security in bearer form with a Common Depositary for a Clearing Agent, such Clearing Agent will credit each subscriber with a nominal amount or unit quantity of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depositary for a Clearing Agent (the “**Relevant Clearing Agent**”) may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other Clearing Agents through direct or indirect accounts with the Relevant Clearing Agent held by such other Clearing Agents. Conversely, Securities that are initially deposited with any other Clearing Agent may similarly be credited to the accounts of subscribers with the Relevant Clearing Agent.

Relationship of Accountholders with Clearing Agents

For so long as any of the Securities is represented by a Global Security and such Global Security is held on behalf of one or more Clearing Agents, each person who is for the time being shown in the records of a Clearing Agent as the holder of a particular nominal amount or unit quantity of Securities (an “**Accountholder**”) shall be treated as the holder of that nominal amount or unit quantity of Securities for all purposes other than with respect to the payment or delivery of any amount on the Securities, the right to which shall be vested, as against the Issuer, solely in the bearer of a Global Security in accordance with and subject to its terms. Each Accountholder must look solely to the relevant Clearing Agent for its share of each payment or delivery made to the bearer of a Global Security.

The Issuer covenants in favour of each Accountholder that it will make all payments in respect of the nominal amount or unit quantity of Securities for the time being shown in the records of the relevant Clearing Agents as being held by the Accountholder and represented by a Global Security to the bearer of a Global Security in accordance with its terms and acknowledges that each Accountholder

may take proceedings to enforce this covenant and any of the other rights which it has (described under the preceding paragraph) directly against the Issuer.

Exchange

Each permanent Global Security in bearer form will be exchangeable on or after its Exchange Date (as defined below), in whole but not in part, for Definitive Securities in bearer form (as defined below):

- (i) if such permanent Global Security is held by a Clearing Agent and any such Clearing Agent is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently or does in fact do so and the Holder is unable to settle such Securities through any non-affected Clearing Agent; or
- (ii) if so specified in the Final Terms, General Conditions or Product Conditions of such permanent Global Security, in an aggregate nominal amount or unit quantity equal to the nominal amount or unit quantity of such permanent Global Security submitted for exchange,

provided that in each case, certification as to non-US beneficial ownership in the form required by the relevant Clearing Agent has been provided to the such Clearing Agent with respect to such nominal amount or unit quantity submitted for such exchange.

Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will in the case of a Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, an equal aggregate nominal amount or unit quantity of duly executed and authenticated Definitive Securities. In this Base Prospectus, “Definitive Securities” means, in relation to any Global Security the definitive bearer Securities, as applicable, for which such Global Security may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Security). Definitive Securities will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form available from the offices of the Issuer.

Exchange Date

“**Exchange Date**” means in relation to a permanent Global Security in bearer form, the first day following the giving of notice requiring exchange and on a day on which banks are open for business in the city in which the specified office of the Principal Agent is located and in the city in which the relevant Clearing Agent is located.

Amendment to Conditions

The permanent Global Securities contain provisions that apply to the Securities that they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Base Prospectus. The following is a summary of certain of those provisions:

(i) **Payments or Delivery**

Any payments or deliveries (as the case may be) that are made in respect of a Global Security in bearer form shall be made to its holder against presentation and (if no further payment or delivery falls to be made on it) surrender of it at the specified office of the Principal Agent or of any other Agent provided for in the Conditions. If any payment or delivery (as the case may be) is made in respect of any Security represented by a Global Security in bearer form (i) in full, the portion of such Global Security representing such Security shall be cancelled and the amount or unit quantity so cancelled shall be endorsed by or on behalf of the Principal Agent on such Global Security (such endorsement being prima facie evidence that the payment or delivery in question has been made) or (ii) otherwise, a record of each such payment or delivery shall be endorsed by or on behalf of the Principal Agent on such Global Security (such endorsement being prima facie evidence that the payment or delivery in question has been made).

(ii) **Cancellation**

Cancellation of any Security represented by a permanent Global Security in bearer form that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount or unit quantity of the relevant permanent Global Security.

No Securities in registered form

No Securities may be issued in global registered form or definitive registered form.

Securities in certificated form

All Securities, other than Dematerialised Securities, will be issued in certificated form.

Clearing and Settlement

Please refer to “Clearing and Settlement” for information on clearing and settlement of Global Securities.

Securities cleared through CREST

Dematerialised Securities may be issued that are cleared through CREST (defined below under “General Information – Clearing and Settlement Systems”) that will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001

(SI. No. 3755) as amended, supplemented or replaced from time to time (the “Regulations”). In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “Register”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Please see the relevant General Conditions, Product Conditions and Final Terms for further information on Securities cleared through CREST.

CLEARING AND SETTLEMENT

Clearing and settlement of the Global Securities will be effected in accordance with the operating procedures of Euroclear, Clearstream, Luxembourg or any other Clearing Agent, as applicable.

Euroclear and Clearstream, Luxembourg

Custodial and depository links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Securities and cross-market transfers of the Securities associated with secondary market trading.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders and provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also provide clearance and settlement facilities for domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system.

Distributions of principal and interest and any other amounts with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

The holdings of book-entry interests in Securities in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Beneficial ownership in Securities will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Securities, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Securities. The Principal Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Securities holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream,

Luxembourg, as the case may be. Payments to holders of Securities represented by Definitive Securities will be made in accordance with the Conditions.

The Issuer will not impose any fees in respect of the Securities; however, holders of book-entry interests in the Securities may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Trading between Euroclear and/or Clearstream, Luxembourg Accountholders

Secondary market sales of book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Securities through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

GENERAL INFORMATION

PART A: IN RELATION TO RBS N.V.

Incorporation and Offices

Both RBS Holdings and RBS N.V. are public limited liability companies incorporated under Dutch law on 30 May 1990 and 7 February 1825 respectively. RBS Holdings is registered with the Trade Register in Amsterdam under no. 33220369. RBS N.V. is registered with the Trade Register in Amsterdam under no. 33002587. RBS Holdings and RBS N.V. have their registered offices in Amsterdam, The Netherlands and their office address is Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam. The mailing address for RBS Holdings and RBS N.V. in the Netherlands is Post Office Box 12925, 1100 AX Amsterdam. RBS Holdings and RBS N.V.'s telephone number is (31) 20 464 9999.

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 approved the issue of debt instruments, including the Securities, pursuant to resolutions dated 1 April 2010 and 7 January 2011. In addition, the issue of Securities has been approved by the Issuer's supervisory board pursuant to a resolution dated 13 January 2011 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. The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA, United Kingdom has been appointed as the paying agent.

An issue of Securities of the same class as Securities already trading on a stock exchange or market for Securities, will only be admitted to trading on the same such stock exchange or market for Securities.

Ratings

Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's") is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more "A+"; senior notes issued by RBS N.V. with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS N.V. "BBB+"; and undated tier 2 notes issued by RBS N.V. "BB+". As defined by Standard & Poor's, an "A" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an "A-1" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A "BBB" rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A "BB" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the Issuer's inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

Fitch Ratings Limited ("Fitch") is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more "AA-"; senior notes issued by RBS N.V. with a maturity of less than one year "F1+"; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an "AA" rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an "F1" rating denotes an exceptionally strong credit feature.

Moody's Investors Service Limited ("Moody's") is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more "A2"; senior notes issued by RBS N.V. with a maturity of less than one year "P-1"; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered upper-medium grade subject to low credit risk. As defined by Moody's the addition of a "2" indicates that the obligation

ranks in the mid-range of its rating category. As defined by Moody's, a "P-1" rating means that the Issuer has a superior ability to repay its short term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions January 2011" published by Moody's (available at www.moody.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion April 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as the Issuer is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part A) have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, although the results of such applications have not yet been determined.

Proposed Transfers

On 19 April 2011, the Boards of RBSG, RBS, RBS Holdings and RBS N.V. announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the "**Proposed Transfers**"), 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 was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) was expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. Subject to internal approvals, it is expected that these will include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the "**Part VII Scheme**"). Implementation of the Part VII Scheme will be subject (amongst other matters) to court and

regulatory approval. In due course, it is expected that details will be announced of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. From on or around the date of such announcement, RBS N.V. will include provisions in the Final Terms for new issues of Securities under the Programme to indicate whether or not RBS is expected to become the issuer of those Securities as a result of the Part VII Scheme (subject to the relevant Securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). In advance of that, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. If the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally.

If the Final Terms of an issue of Securities indicate that RBS is or is not expected to become the issuer of such Securities as a result of the Part VII Scheme, investors should not place any reliance on such indication when making an investment decision or for any other purpose, and investors should be aware that changes to the proposals for the Proposed Transfers (including, without limitation, to the identity of the securities in respect of which RBS may become the issuer, the eventual manner in which the change of issuer is proposed to be effected, to the timing for such change or any other details of the Part VII Scheme) may be made if required, or if determined by RBS N.V. or RBS (in their absolute discretion) to be desirable for commercial or other reasons. Accordingly, nothing in the Final Terms or this Base Prospectus should be taken as (or is) a representation that RBS will become, or RBS N.V. will remain, the issuer of any of the Securities, whether in the manner described in this Base Prospectus, in accordance with the timing set out in this Base Prospectus, or at all. If prospective purchasers are in any doubt as to whether there is any tax or other impact on them as a result of the Proposed Transfers (including the Part VII Scheme), they should discuss such matters with their advisers.

Guarantee

RBS Holdings owns 100 per cent. of RBS N.V.'s shares and is jointly and severally liable for all liabilities in respect of the Securities pursuant to a declaration under Article 2:403 of the Dutch Civil Code, which liability of RBS Holdings in relation to any Securities that are transferred as a result of the Part VII Scheme will not be affected by such transfer (to the extent RBS Holdings would, but for such transfer, have otherwise been liable for the same).

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:

- (a) the incorporation documents of the Issuer;
- (b) the consolidated audited financial statements of RBS Holdings in respect of the financial years ended 31 December 2009 and 31 December 2010 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) all documents incorporated herein by reference.

In addition, copies of the Registry Services Agreement (as defined in the “Conditions”) will be made available for inspection during normal business hours at the registered office of the Registrar in respect of Securities cleared through CREST (defined below).

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**”), SIX SIS Ltd and the dematerialised and uncertificated securities trading system operated by Euroclear UK and Ireland Limited (“**CREST**”). 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 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,

offer to buy or sell the Securities of any Series to be admitted to trading and listed on Euronext Amsterdam. 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. The Issuer expects that each such Series of the Securities will be admitted to trading on Euronext Amsterdam with effect from the Launch Date stated in the applicable Final Terms. Except in the case of dematerialised Securities, the Securities will be issued in global bearer form and all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions. 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 other or further stock exchanges or markets as the Issuer may decide. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

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

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

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

(c) Conditions to Which the Offer is Subject

The offer, in respect of a particular Series of Securities is subject to the Conditions as set out in this Base Prospectus, the relevant Final Terms and any document incorporated by reference (see “*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 effect a Cancellation of the Securities without notice and will notify prospective investors, either directly or indirectly through a relevant Selling Agent, 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

The total amount of the offer shall be as specified in the relevant Final Terms in respect of the relevant Series of the Securities. If an amount is not fixed then the Issuer will make a notification pursuant to Article 8 of the Prospectus Directive. Except in the case of (i) for a Scale-back or a Cancellation, in which case the Issuer will notify prospective investors of such Scale-back or Cancellation as described in sub-paragraph (e) above, or (ii) as otherwise specified in the relevant Final Terms in respect of the relevant Series of the Securities, the Issuer will issue all of the Securities that are the subject of the offer on the Issue Date. A prospective investor submitting an application to purchase Securities will be notified by the Issuer, either directly or indirectly through a relevant Selling Agent, of the acceptance or otherwise of such application on or prior to the Issue Date. Dealing may begin before such notification is made.

(g) Categories of Investors to which Securities are Offered

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

(h) Expenses and Taxes

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

(i) Post-issuance Information

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

(j) Description of the Securities

Certificates are investment instruments which, when exercised or terminated pay an amount determined by reference to the level of the Underlying, be it underlying currency, commodity, index (including in the case of an index, the index and its constituent elements), stock, bond or other product, subject to the certificate entitlement. As such, certificates entail the same level of risk as a direct investment in the Underlying. Investors should be aware that their entire investment may be lost in the event that the Underlying is valued at zero. However, investors are able to hold certificates in the expectation of a recovery in the price of the Underlying.

The price at which a holder will be able to sell certificates may potentially be at a substantial discount to the market value of the certificates at the issue date, if, at such time and in addition to any other factors, the value of the Underlying is below, equal to or not sufficiently above the value of the Underlying at the issue date.

Open end certificates are similar to ordinary certificates, in that they track in a linear manner the Underlying. The difference between an open end certificate and an ordinary certificate is that an open end certificate does not have an expiration date or maturity date but will instead continue indefinitely until either the Holder exercises or the Issuer terminates the certificates.

Where the settlement currency is different to the underlying currency, an open end certificate may have a quanto feature (effectively a fixed rate of exchange between the two currencies for the duration of the certificate) and the Issuer may charge the Holder for arranging and maintaining such quanto feature by way of reducing the amount received by the Holder on exercise or termination.

Open end certificates may be issued in relation to a wide range of Underlyings, including, without limitation, commodities, indices, forward or future contracts related to one or more commodities, funds, baskets of indices and funds and other assets.

The spread certificates are leverage type investment instruments, which are not comparable to a direct investment in the underlying assets, because the value of the certificates is linked to the relative performance between two underlying assets comprising a long position in one underlying asset and a short position in another underlying asset. This relative performance is expressed as a percentage rate. Spread certificates contain features including stop-loss, which if breached will result in the early

termination of the certificate and issuer automatic call, both of which are based on closing levels of the Underlying.

Issued Financial Instruments on the Issuer's securities

At the date of this Base Prospectus, 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 the group companies of the Issuer.

Equity Securities

All of the Issuer's ordinary shares are held by RBS Holdings and are not listed or traded.

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.

PART B: IN RELATION TO RBS

Ratings

Standard & Poor's is expected to rate: senior notes issued by RBS with a maturity of one year or more "A+"; senior notes issued by RBS with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS "BBB+"; and undated tier 2 notes issued by RBS "BB+". Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more "AA-"; senior notes issued by RBS with a maturity of less than one year "F1+"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis. Moody's is expected to rate: senior notes issued by RBS with a maturity of one year or more "Aa3"; senior notes issued by RBS with a maturity of less than one year "P-1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

See pages 1 and 2 of the RBS Registration Document, which is incorporated by reference into this Base Prospectus, for an explanation of the credit ratings referred to above.

The credit ratings included or referred to in this Base Prospectus (to the extent they relate to this Part B) will be treated for the purposes of the CRA Regulation as having been issued by Standard & Poor's, Fitch and Moody's upon registration pursuant to the CRA Regulation. Each of Standard & Poor's, Fitch and Moody's are established in the European Union and has applied to be registered under the CRA Regulation, although the result of such applications has not yet been determined.

Recent Developments

Material Contracts

The RBS Group is party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011.

Investigations: Payment Protection Insurance

The registration document of RBS dated 25 February 2011 published via the Regulatory News Service of the London Stock Exchange plc on 25 February 2011 contains disclosure relating to Payment Protection Insurance on page 42 under the heading “Payment Protection Insurance” and the following paragraphs shall replace the third paragraph in that section:

Following unsuccessful negotiations with the industry, the Financial Services Authority (the “FSA”) issued consultation papers on PPI complaint handling and redress in September 2009 and again in March 2010. The FSA published its final policy statement on 10 August 2010 and instructed firms to implement the measures contained in it by 1 December 2010. The new rules impose significant changes with respect to the handling of misselling PPI complaints. On 8 October 2010, the British Bankers’ Association (the “BBA”) filed an application for judicial review of the FSA’s policy statement and of related guidance issued by the Financial Ombudsman Service (the “FOS”). The application was heard in January 2011. On 20 April 2011, the High Court issued a judgment in favour of the FSA and the FOS. The BBA announced on 9 May 2011 that it would not appeal that judgment and the RBSG Group supports this position. On 9 May 2011, the RBSG Group announced that, although the costs of PPI redress and its administration are subject to a degree of uncertainty, the RBSG Group will record an additional provision of £850 million in the second quarter of 2011. To date, the RBSG Group has paid compensation to customers of approximately £100 million and the RBSG Group has an existing provision of approximately £100 million.

The RBSG Group is currently discussing with the FSA how the FSA’s policy statement should be implemented and what its requirements are. As part of these discussions, the RBSG Group will review its PPI complaint handling processes to ensure that redress is offered to any customers identified as having suffered detriment.

Significant Change and Material Adverse Change

Save in relation to the matters referred to in the section headed “Investigations: Payment Protection Insurance” above, which relates to past sales of Payment Protection Insurance:

- (a) there has been no significant change in the trading or financial position of the RBS Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited

financial information or interim financial information of the RBS Group has been published);
and

- (b) there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).

Assets, Owners' Equity and Capital Ratios

The RBS Group had total assets of £1,307.3 billion and owners' equity of £57.0 billion as at 31 December 2010. As at 31 December 2010, the RBS Group's capital ratios were a total capital ratio of 13.6 per cent., a Core Tier 1 capital ratio of 8.4 per cent. and a Tier 1 capital ratio of 10.1 per cent.

Large Exposure Regime

On 1 July 2011, RBS will become subject to changes to the Financial Services Authority's large exposure regime. Under the changes to the large exposure regime, any company which is less than 100 per cent. owned by RBSG will be classified as a Connected Counterparty. RBS N.V., which is currently approximately 98 per cent. indirectly owned by RBSG, will therefore be classified as a Connected Counterparty, which will result in a breach by RBS of the amended rules under the large exposure regime described above.

The Proposed Transfers (as described above) are, subject to certain conditions, expected to be implemented on a phased basis over a period ending 31 December 2013. Those Proposed Transfers will also form the basis of a remediation plan which has been agreed with the Financial Services Authority to enable RBS over time to become compliant with the changes to the large exposure regime.

RBS does not expect this to have a material adverse effect on the RBSG Group

CONDITIONS: GENERAL CONDITIONS

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 and attached to any Global Security representing the Securities.

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

- (a) 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.

- (b) The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that payments made on the Securities are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity and that these payments have or will become subject to U.S. withholding tax. 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 and of paying any required U.S. withholding tax. 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) With respect to Securities other than Securities cleared through CREST, 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. Where Securities are cleared through CREST, notices to Holders shall be given by the delivery of the relevant notice to the Registrar for communication to the Holders pursuant to the procedures for delivery of notices to accountholders in CREST as may be agreed between the Issuer, the Registrar and the Operator from time to time. 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 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) or the Registrar for communication to the Holders, as applicable, will be deemed to have been given on the date of the delivery of such notice to the Clearing Agent(s) or the Registrar, as applicable. 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 defined in the relevant Product Conditions, or otherwise, the date that is the Settlement Date) as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date (if applicable), any such amount to be paid under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons having regard to prevailing market rates, credit spreads and market liquidity, such present value being determined by the Calculation Agent. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4;

- (ii) make an adjustment in good faith to the relevant reference asset by removing the Disrupted Instrument at its fair market value (which may be zero). Upon any such removal the Issuer may: (A) hold any notional proceeds (if any) arising as a consequence thereof and adjust the terms of payment and/or delivery in respect of the Securities; or (B) notionally reinvest such proceeds in other reference asset(s) if so permitted under the Conditions (including the reference asset(s) to which the Securities relate);
 - (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such adjustment will in no way affect the Issuer's obligations to make payment to the Holders not less than the minimum assured return of principal and/or interest or coupons on the relevant Settlement Date or Maturity Date, or Interest Payment Date, as applicable.
- (d) The Issuer may also make adjustments to the Conditions if it determines that an event has occurred which, whilst not a Hedging Disruption Event or other disruption event as specified in Product Condition 4, is likely to have a material adverse effect on the Issuer's Hedge Position. Where the Issuer makes adjustments to the Conditions pursuant to this General Condition 5(d), the Issuer shall notify the Holders thereof and shall offer to purchase from Holders for a period of not less than 10 days any Securities held by them at their fair market value (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the proposed adjustment) less the cost to the Issuer of unwinding any Relevant Hedging Transaction.

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 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:
- (i) 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**” 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
 - (ii) 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
 - (iii) 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
 - (iv) any entity other than RBS, 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 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, 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 Termination 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 Termination 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.

19. REGISTRAR AND REGISTRY SERVICES AGREEMENT WITH RESPECT TO SECURITIES CLEARED THROUGH CREST

In respect of Securities cleared through the dematerialised securities system operated by Euroclear UK and Ireland Limited (“**CREST**”), the Issuer has entered into an agreement for

the provision of registry services with Computershare Investor Services PLC or otherwise, the person named as the Registrar in the applicable Final Terms (with respect to Securities cleared through CREST, the “**Registrar**” which expression shall include any successor registrar) and the definition of “**Registrar**” for the purposes of the applicable Product Conditions and Final Terms shall be construed accordingly.

Payments in respect of Securities cleared through CREST will be made under an agreement as amended, restated or supplemented from time to time (the “**Registry Services Agreement**”) for the provision of registry services with the Registrar.

In acting under the Registry Services Agreement, the relevant Registrar will act solely as agent of the Issuer and does not assume any obligations or relationships of agency or trust to or with the Holders.

20. PAYMENTS WITH RESPECT TO SECURITIES CLEARED THROUGH CREST

Notwithstanding anything to the contrary contained in the Conditions, the Issuer shall pay or cause to be paid any amounts due to a Holder of a Security cleared through CREST to such Holder's cash account with the Operator for value on the relevant payment date, such payment to be made in accordance with the Regulations (as defined in the relevant Product Conditions) and the rules, procedures and practices in effect of the Operator (as defined in the relevant Product Conditions). The Issuer's obligations in relation to such amounts in respect of Securities cleared through CREST will be discharged by payment to, or to the order of, the Operator. Each of the persons shown in the Operator register of corporate securities as the holder of a particular nominal amount of Securities cleared through CREST must look solely to the Operator for his share of each such payment so made by the Issuer to, or to the order of, the Operator.

21. TRANSFER AND CONSISTENCY REGULATIONS WITH RESPECT TO SECURITIES CLEARED THROUGH CREST

No provisions of any of the Conditions shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (i) the holding of title to Securities cleared through CREST (ii) the transfer of title to Securities cleared through CREST by means of a relevant system, or (iii) the Regulations.

Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in the Conditions, so long as Securities cleared through CREST are participating securities, (a) any such Securities which are not for the time being in all respects identical to, or do not for the time being have rights attached thereto identical in all respects to those attached to other Securities cleared through CREST of the same Series, shall be deemed to

constitute a separate Series of Securities, (b) the Register (as defined in the relevant Product Conditions) relating to Securities cleared through CREST shall be maintained at all times in the United Kingdom, (c) Securities cleared through CREST will be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (d) for the avoidance of doubt, and any Conditions in relation to any Securities cleared through CREST shall remain applicable notwithstanding that they are not endorsed on any certificate for such Securities.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY OPEN END CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

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

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

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

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

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

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

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

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

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

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

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of

such Security and/or (ii) any payment 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 Commodity 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 without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Commodity on such date having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines relevant;

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

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

“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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

“Issuer Call Date” means the day specified as such in the notice delivered 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 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 (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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant;

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

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

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

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

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

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American 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 commodity open end certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the term “**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;

“**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 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, unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be

deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

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

responsibility or liability for the performance of the Operator.

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and

including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer.. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with any Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;

(vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and:

(vii) authorise the production of such Notice in any applicable administrative or legal proceedings.

(g) **Verification.** In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.

(h) **Settlement.** The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

(i) **Determinations.** Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or,

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

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

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

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any

acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (l) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

- (a) **Price Source Disruption.** The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) **Trading Suspension.** The material suspension of trading on the Exchange or any Related Exchange; or
- (c) **Disappearance of Price.** The failure of trading of the Commodity to commence, or the permanent discontinuation of trading of the Commodity, on the 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 the Commodity; or
- (e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or a material reduction in, trading in the Commodity on the Exchange; or
- (g) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date, the Issuer Call Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
- (h) Trading Limitation. The material limitation imposed on trading in the Commodity with respect to it or any contract with respect to it on any exchange or principal trading market; or
- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located; or
- (j) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY OPEN END QUANTO CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Annual Fee**” means, in respect of the Certificate Fee, the percentage fee per annum 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 on a daily basis in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. The Cash Amount on the Launch Date is zero. The Cash Amount can be negative;

“**Certificate Fee**” means an amount as determined by the Calculation Agent that will be calculated on a daily basis from the Launch Date in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” 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, provided that the Certificate Value shall not be less than zero. The Certificate Value 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 the commodity specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Day Count Fraction” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

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

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

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

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

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

“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 Rate” means the fixed rate of exchange between the Underlying Currency and the Settlement Currency being one unit of the Underlying Currency for one unit of the Settlement Currency;

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

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

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

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

“**Final Reference Price**” means the Reference Price on the Valuation Date or the Issuer Call Date, as the case may be;

“**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 Quanto Maintenance Fee Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

“**Issuer Call Date**” means the day specified as such in the notice delivered 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 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 (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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Commodity and such other factors as the Calculation Agent determines to be relevant;

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

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

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

“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;

“Quanto Maintenance Fee” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Securities. The Quanto Maintenance Fee will be calculated on a daily basis from the Launch Date by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. If the Issuer realises a profit when arranging the Exchange Rate, the Quanto Maintenance Fee could be negative;

“Quanto Maintenance Fee Level” means, with respect to the Launch Date, the Initial Quanto Maintenance Fee Level and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market conditions, the correlation between the Commodity and the prevailing rate of exchange between the Underlying Currency and Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the costs associated with arranging the quanto feature in respect of the Securities. The Quanto Maintenance Fee Level can be negative;

“**Rate**” means the prevailing rate for the Settlement Currency with a designated maturity of either one month or overnight as determined by the Calculation Agent in its sole discretion for each Day Count Fraction;

“**Reference Price**” means, in respect of any Trading Day and 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 Settlement Currency using the Exchange Rate) equal to the price of the Commodity on the Exchange at the Valuation Time, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the 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;

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

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

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

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

“**Securities**” means each Series of the commodity open end quanto certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated

Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

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

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

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

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

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Certificate Value.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Certificate Value or Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Certificate Value (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is

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

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

Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer , the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer , any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer , the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (l) Method of Payment. Subject as provided below, where or any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such

amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (c) Disappearance of Price. The failure of trading of the Commodity to commence, or the permanent discontinuation of trading of the Commodity, on the 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 the Commodity; or
- (e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Commodity is such that the Issuer declares that its ability to enter into hedging

transactions with respect to the Commodity has been impaired due to a lack of, or a material reduction in, trading in the Commodity on the Exchange; or

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

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS OPEN END
CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

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

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

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

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

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

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

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

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

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

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of

such Security and/or (ii) any payment 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 Reference Asset Price 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 without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price 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;

“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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

“Issuer Call Date” means the day specified as such in the notice delivered 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 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 (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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines to be relevant;

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

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

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

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

“Reference Asset” means the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series in the applicable Final Terms and thereafter the Issuer shall, during trading hours on the Rollover Date, effect substitution of the next serially contract month or to the most liquid contract month (the **“Substitute Asset”**) selected by the Issuer. Each Substitute Asset shall for all purposes be the Reference Asset;

“Reference Asset Price” means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future’s point) specified on the relevant Screen Page referred to in the definition of the relevant Series in the applicable Final Terms and, if no such page reference exists, such other page reference as the Calculation Agent determines. In circumstances where the Calculation Agent determines that no such price can be determined and no Market Disruption Event has occurred and is continuing, the Reference Asset Price shall be an amount determined by the Calculation Agent as its good faith estimate of the price of the Reference Asset on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price 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 Reference Asset are traded;

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

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

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

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

“Rollover Period” means each period from (and including) a Rollover Date to (but excluding) the next following Rollover Date;

“Rollover Ratio” means an amount determined by the Calculation Agent on a Rollover Date at the Rollover Time by reference to liquidity in the underlying market and in accordance with the formula (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“Securities” means each Series of the commodity futures and commodity forward contracts open end certificates specified in the applicable Final Terms and each such certificate a

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

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

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

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

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

“**Substitute Asset Price**” means the Reference Asset Price of the reference asset future which will be the Substitute Asset at the next following Rollover Date;

“**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;

“**Transaction Charge**” means a percentage rate as determined by the Calculation Agent. The Calculation Agent may adjust the Transaction Charge on each Rollover Date, but in any event, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Transaction Charge will not exceed 0.10%. The Transaction Charge on the Launch Date is 0.05%;

“**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, 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 Reference Asset and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the closing time of the relevant Exchange, 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name

a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in

the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.

- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;

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

- (i) **Determinations.** Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or the Swiss Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions, shall be void.

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) **Delivery of a Notice.** Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions

contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (l) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

- (c) Disappearance of Price. The failure of trading of the Reference Asset to commence, or the permanent discontinuation of trading of the Reference Asset, on the 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 Reference Asset Price; or
- (e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or
- (g) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date, the Issuer Call Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
- (h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect to it on any exchange or principal trading market; or
- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located; or
- (j) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

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

Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS OPEN END
QUANTO CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Annual Fee**” means, in respect of the Certificate Fee, the percentage fee per annum 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 calculated by the Calculation Agent on a daily basis in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. The Cash Amount on the Launch Date is zero. The Cash Amount can be negative;

“**Certificate Fee**” means an amount as determined by the Calculation Agent that will be calculated on a daily basis from the Launch Date in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” 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, provided that the Certificate Value shall not be less than zero.

The Certificate Value 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”**);

“Day Count Fraction” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

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

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

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

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

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

“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 Rate” means the fixed rate of exchange between the Underlying Currency and the settlement Currency being one unit of the Underlying Currency for one unit of the Settlement Currency;

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

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

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

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment 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 Settlement Currency using the Exchange Rate) equal to the Reference Asset Price 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 without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price 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 Quanto Maintenance Fee Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

“Issuer Call Date” means the day specified as such in the notice delivered 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 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 (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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines to be relevant;

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

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

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

“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;

“Quanto Maintenance Fee” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Securities. The Quanto Maintenance Fee will be calculated on a daily basis from the Launch Date by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. If the Issuer realises a profit when arranging the Exchange Rate, the Quanto Maintenance Fee could be negative;

“Quanto Maintenance Fee Level” means, with respect to the Launch Date, the Initial Quanto Maintenance Fee Level and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market conditions, the correlation between the Reference Asset and the prevailing rate of exchange between the Underlying Currency and Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the costs associated with arranging the quanto feature in respect of the Securities. The Quanto Maintenance Fee Level may include a rebate based on the Underlying Rate. The Quanto Maintenance Fee Level can be negative;

“Rate” means the prevailing rate for the Settlement Currency with a designated maturity of either one month or overnight as determined by the Calculation Agent in its sole discretion for each Day Count Fraction;

“Reference Asset” means the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series in the applicable Final Terms and thereafter the Issuer shall, during trading hours on the Rollover Date, effect substitution of the next serially contract month or to the most liquid contract month (the **“Substitute Asset”**) selected by the Issuer. Each Substitute Asset shall for all purposes be the Reference Asset;

“Reference Asset Price” means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future’s point) specified on the relevant Screen Page referred to in the definition of the relevant Series in the applicable Final Terms and, if no such page reference exists, such other page reference as the Calculation Agent determines. In circumstances where the Calculation Agent determines that no such price can be determined and no Market Disruption Event has occurred and is continuing, the Reference Asset Price shall be an amount determined by the Calculation Agent as its good faith estimate of the price of the Reference Asset on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price 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 Reference Asset are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from

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

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

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

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

“**Rollover Ratio**” means an amount determined by the Calculation Agent on a Rollover Date at the Rollover Time by reference to liquidity in the underlying market and in accordance with the formula (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“**Securities**” means each Series of the commodity futures and commodity forward contracts open end quanto certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

“Substitute Asset Price” means the Reference Asset Price of the reference asset future which will be the Substitute Asset at the next following Rollover Date;

“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;

“Transaction Charge” means a percentage rate as determined by the Calculation Agent. The Calculation Agent may adjust the Transaction Charge on each Rollover Date, but in any event, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Transaction Charge will not exceed 0.10%. The Transaction Charge on the Launch Date is 0.05%;

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

“Underlying Rate” means the prevailing rate for deposits in the Underlying Currency with a designated maturity of either one month or overnight as determined by the Calculation Agent for each Day Count Fraction;

“Valuation Date” means the date or 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 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 Reference Asset and such other factors as the Calculation Agent determines to be relevant; and

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

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated

Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

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

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

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

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

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Certificate Value.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Certificate Value or Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Certificate Value (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is

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

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

Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions, shall be void.

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (l) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by

the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (c) Disappearance of Price. The failure of trading of the Reference Asset to commence, or the permanent discontinuation of trading of the Reference Asset, on the 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 Reference Asset Price; or
- (e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or

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

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO FUND OPEN END CERTIFICATES

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

1. DEFINITIONS

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

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, 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;

“**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 on a daily basis in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

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

“**Dividend Amount**” means, in respect of each Security, an amount, as determined by the Calculation Agent, equal to the cash dividends and/or other cash distributions in respect of the Fund net of applicable withholding taxes at a rate adjusted by application of any relevant

double tax treaty without regard to any tax credits, and less any Expenses, multiplied by the Entitlement where the ex dividend date for such dividends falls on a date during the period from (and including) the Issue Date to (and including) the relevant Valuation Date or Issuer Call Date, as the case may be;

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

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

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

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

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

“**Exchange Rate**” means 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 that time;

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment 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 equal to the NAV of the Fund as quoted by the fund manager of the Fund or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case for the Valuation Date or the Issuer Call Date, as the case may be, as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of the relevant Fund or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case for such date having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

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

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

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

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

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

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

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

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

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

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

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

“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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

“Issuer Call Date” means the day specified as such in the notice delivered 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) 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 Final Reference Price having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(b) shall apply and the Early Termination Date shall be adjusted accordingly;

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

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

“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;

“**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;

“**Reference Asset**” means the relevant interests in each Fund or if the Fund is an exchange traded fund the relevant interests specified as “Reference Assets” in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

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

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

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American 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 Product Condition 4(b)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

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

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

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

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

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

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

“**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 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 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 Issuer or the Calculation Agent on its behalf, either:

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

- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(b) shall apply and the Valuation Date shall be adjusted accordingly; and

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer or the Calculation Agent on its behalf may 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without

any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its

intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) Dividend Amount. The Holder is entitled to receive the Dividend Amount within ten Business Days following the receipt by the Issuer of the dividend and/or cash distribution to which it relates and the person entitled to receive such payment in respect of such Dividend Amount shall be the person who is shown in the records of the Clearing Agent(s) as the beneficial holder of such Security on the date of receipt by the Issuer. For the avoidance of any doubt, if the ex dividend date occurs before a Valuation Date or Issuer Call Date, as the case may be, but the date of receipt of the dividend and/or cash distribution by the Issuer is on or after such Valuation Date or Issuer Call Date, the person entitled to receive the Dividend Amount to which it relates shall be the person who is shown in the records of the Clearing Agent(s) as the beneficial holder of such Security on such Valuation Date or Issuer Call Date; *provided that* in no event shall the Issuer be obliged to take any action whatsoever in pursuit of payment of any dividend as a result of the fund manager failing to pay any such dividend when due.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Dividend Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

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

Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent

nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

(a) 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 Product Condition 4(a)(i)(E)(c)(I) above and in the case of this Product Condition 4(a)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being

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

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

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

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

(L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

(ii) NAV/Price and Reporting:

(A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.

(B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has

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

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

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

(iii) Reference Assets:

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

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

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

(iv) Trading and Fees:

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

or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its

affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.

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

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

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

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

(c) Fund Event Methodology and Determinations:

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

in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO FUND OPEN END QUANTO CERTIFICATES

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

1. DEFINITIONS

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

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, 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;

“**Annual Fee**” means in respect of the Certificate Fee, the percentage fee per annum, 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 on a daily basis in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. The Cash Amount on the Launch Date is zero. The Cash Amount can be negative;

“**Certificate Fee**” means an amount as determined by the Calculation Agent that will be calculated on a daily basis from the Launch Date in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” 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, provided that the Certificate Value shall not be less than zero.

The Certificate Value 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”**);

“Day Count Fraction” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

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

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

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

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

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

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

“Exchange Rate” means the fixed rate of exchange between the Underlying Currency and the Settlement Currency, being one unit of the Underlying Currency for one unit of the Settlement Currency;

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

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

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

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment 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 Settlement Currency using the Exchange Rate) equal to the NAV of the Fund as quoted by the fund manager of the Fund or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange in each case for the Valuation Date or the Issuer Call Date, as the case may be, as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of the relevant Fund or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange in each case for such date having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

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

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

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

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

discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

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

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

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

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

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

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

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

“**Initial Quanto Maintenance Fee Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

“Issuer Call Date” means the day specified as such in the notice delivered 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) 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 Final Reference Price having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or

(ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(b) shall apply and the Early Termination Date shall be adjusted accordingly;

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

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

“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;

“**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;

“**Quanto Maintenance Fee**” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Securities. The Quanto Maintenance Fee will be calculated by the Calculation Agent on a daily basis from the Launch Date in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. If the Issuer realises a profit when arranging the Exchange Rate the Quanto Maintenance Fee could be negative;

“**Quanto Maintenance Fee Level**” means with respect to the Launch Date, the Initial Quanto Maintenance Fee Level and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market

conditions, the correlation between the Fund and the prevailing rate of exchange between the Underlying Currency and the Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the costs associated with arranging the quanto feature in respect of the Securities. The Quanto Maintenance Fee Level can be negative;

“**Rate**” means the prevailing rate for the Settlement Currency with a designated maturity of either one month or overnight as determined by the Calculation Agent in its sole discretion for each Day Count Fraction;

“**Reference Asset**” means the relevant interests in each Fund or if the Fund is an exchange traded fund the relevant interests specified as “Reference Assets” in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Reference Price**” means, in respect of any day, an amount (which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate) equal to the NAV of the Fund as quoted by the fund manager for any particular day or, where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, as determined by the Calculation Agent without regard to any subsequently published correction, or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of the relevant Fund or where the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange in each case for such date having regard to the then prevailing market conditions, the last reported NAV price 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;

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

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an

American 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 Product Condition 4(b)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

“**Securities**” means each Series of the fund open end quanto certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

“**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 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 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 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 any such day, in which case the provisions of Product Condition 4(b) shall apply and the Valuation Date shall be adjusted accordingly; and

“Valuation Time” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer or the Calculation Agent on its behalf may 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

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

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

(the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and

to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Certificate Value.

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

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Certificate Value (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any

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

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (l) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where t any

amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) 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 Product Condition 4(a)(i)(E)(c)(I) above and in the case of this Product Condition 4(a)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service; 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 Product Conditions 4(a)(i)(E)(a) through 4(a)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such

Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.

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

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

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

been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

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

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;

- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
 - (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or
- (iv) Trading and Fees:
- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
 - (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
 - (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
 - (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:

- (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
- (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,

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

(v) Fund Adviser and Fund Service Provider Failures:

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

of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.

- (vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in subparagraphs (i) to (v) above.
- (b) Consequences of a Fund Event. In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):
 - (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
 - (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
 - (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
 - (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the

Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this Product Condition 4(b)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

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

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

(c) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as

applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.

- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.
- (d) The Issuer shall give notice in accordance with General Condition 4 of any calculation or determination made by it or the Calculation Agent pursuant to this Product Condition 4 as soon as practicable after it has been made. The Issuer shall make available for inspection by Holders copies of any such calculations and determinations.

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX OPEN END CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

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

“**Early Termination Amount**” means, (if any) and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Cash Amount;

“**Early Termination Date**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the day on which the Early Termination Event occurs 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 (including an Emerging Market Disruption Event) has occurred on such day, in which case the applicable 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 an 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 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;

“Early Termination Event” means the event or events (if any) 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;

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

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

Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

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

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

“Exchange” means 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;

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

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

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

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

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

“Final Exchange Rate” means the Exchange Rate on the Issuer Call Date, the Early Termination Date (if applicable) or the Valuation Date;

“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 level of the Index at the Valuation Time on the Valuation Date, the Early Termination Date (if any) 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 level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

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

“Governmental Authority” is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including

the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

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

“**Index Fee**” means the fee (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, which fee will accrue on a daily basis and be calculated by the Calculation Agent on each Trading Day in accordance with the formula (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“**Initial Exchange Rate**” means the Exchange Rate at the Valuation Time 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 (which shall be deemed to be a monetary value in the Underlying Currency) equal to the level of the Index at the Valuation Time on the Pricing Date;

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

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

“**Issuer Call Date**” means the day specified as such in the notice delivered 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 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 (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 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 the period specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“Maintenance Fee” means any fees or costs which would be incurred by a person entering into hedging arrangements, whether at the inception of the hedge and/or liquidation of corresponding hedge, or on simultaneous liquidation and re-establishment of a hedge, as determined by the Calculation Agent at the Valuation Time on the Valuation Date, Early Termination Date (if applicable) or the Issuer Call Date, as the case may be, but subject to the Maximum Maintenance Fee;

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

“Maximum Maintenance Fee” means the fee specified as such in the definition of the relevant Series in the applicable Final Terms. The Calculation Agent may, on a daily basis, reset the Maximum Maintenance Fee in its sole discretion having regard to prevailing market conditions and such other factors as the Calculation Agent deems relevant in determining the costs associated with hedging its obligations in respect of the Securities;

“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 definition of the relevant Series in the applicable Final Terms, subject to adjustment by the Issuer if, in adverse market conditions, in the opinion of the Issuer, the 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 open end certificates specified in the applicable Final Terms and each such certificate a **“Security”**. References to the term **“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;

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

“**Valuation Time**” means the time with reference to which the Index Sponsor calculates the closing level of the Index, or such other time as the Issuer may 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the

holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

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

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

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

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

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

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

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

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

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. Provided no Early Termination Event has occurred and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Early Termination Event: Upon the occurrence of an Early Termination Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. An Early Termination Event will override an Issuer Call and/or due Exercise if the Early Termination Event occurs prior to an Issuer Call Date or Valuation Date as the case may be.
- (d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or the occurrence of an Early Termination Event (if applicable), and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount or the Early Termination Amount as the case may be.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any

errors or omissions in the calculation of any Cash Amount or Early Termination Amount.

- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount or the Early Termination Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other

entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

- (n) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

“**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 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):

- (i) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
- (ii) 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 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.
- (2) If (A) on or prior to the Valuation Date, the Early Termination Date (if applicable) 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 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 Early Termination Date (if applicable) 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 the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level(s) for the Index on the Valuation Date, Early Termination Date (if applicable) or 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 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 so to account for: (A) a distribution or dividend to existing holders of the Shares of (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date, Early Termination Date (if applicable) or the Issuer Call 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.
- (4) The Issuer reserves the right to issue further certificates, 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 further issue, adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX OPEN END QUANTO CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Annual Fee**” means in respect of the Certificate Fee, the percentage fee per annum, 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 calculated by the Calculation Agent on a daily basis in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Fee**” means an amount as determined by the Calculation Agent that will be calculated on a daily basis from the Launch Date in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” 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, provided that the Certificate Value shall not be less than zero. The Certificate Value 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**”);

“**Day Count Fraction**” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

“**Early Termination Amount**” means, (if any) and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Certificate Value;

“**Early Termination Date**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the day on which the Early Termination Event occurs 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 such day, in which case the applicable 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 an 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 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;

“**Early Termination Event**” means the event or events (if any) 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;

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not

limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

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

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

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

“Exchange” means 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;

“Exchange Rate” means the fixed rate of exchange between the Underlying Currency and the Settlement Currency, being one unit of the Underlying Currency for one unit of the Settlement Currency;

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment 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 Settlement Currency using the Exchange Rate) equal to the level of the Index at the Valuation Time on the Valuation Date, the Early Termination Date (if any) 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 level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the

level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

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

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

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

“**Index Fee**” means the fee (if any) specified as such in the definition of the relevant Series in the applicable Final Terms, which fee will accrue on a daily basis and be calculated by the Calculation Agent on each Trading Day 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 (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Quanto Fee Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Initial Quanto Maintenance Fee Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Initial 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 Settlement Currency using the Exchange Rate) equal to the level of the Index at the Valuation Time on the Issue Date;

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

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

“Issuer Call Date” means the day specified as such in the notice delivered 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 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 Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

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

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

“Maintenance Fee” means any fees or costs which would be incurred by a person entering into hedging arrangements, whether at the inception of the hedge and/or liquidation of corresponding hedge, or on simultaneous liquidation and re-establishment of a hedge, as determined by the Calculation Agent at the Valuation Time on the Valuation Date, Early Termination Date (if applicable) or the Issuer Call Date, as the case may be, but subject to the Maximum Maintenance Fee;

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

“Maximum Maintenance Fee” means the fee specified as such in the definition of the relevant Series in the applicable Final Terms. The Calculation Agent may, on a daily basis, reset the Maximum Maintenance Fee in its sole discretion having regard to prevailing market conditions and such other factors as the Calculation Agent deems relevant in determining the costs associated with hedging its obligations in respect of the Securities;

“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;

“Quanto Fee” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Securities. The Quanto Fee will accrue and be calculated by the Calculation Agent on a daily basis from the Issue Date on each Trading Day in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Quanto Fee Day Count Fraction” means the number of calendar days between (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

“Quanto Fee Level” means the Initial Quanto Fee Level and thereafter such other level as may be determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Fee Level in its sole discretion having regard to prevailing market conditions and such other factors as the Calculation Agent deems relevant in determining the costs associated with hedging its obligations in respect of the Securities;

“Quanto Maintenance Fee” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Securities. The Quanto Maintenance Fee will be calculated by the Calculation Agent on a daily basis from the Launch Date on each Trading Day in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. If the Issuer realises a profit when arranging the Exchange Rate the Quanto Maintenance Fee could be negative;

“Quanto Maintenance Fee Level” means with respect to the Launch Date, the Initial Quanto Maintenance Fee Level and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market conditions, the correlation between the Index and the prevailing rate of exchange between the Underlying Currency and the Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the costs associated with arranging the quanto feature in respect of the Securities. The Quanto Maintenance Fee Level can be negative;

“**Rate**” means the prevailing rate for the Settlement Currency with a designated maturity of either one month or overnight as determined by the Calculation Agent in its sole discretion for each Day Count Fraction;

“**Reference Price**” means, in respect of any day, an amount (which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate) equal to the level of the Index at the Valuation Time on such 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 level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines relevant;

“**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 open end quanto certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms

“**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities as 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, 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, 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; 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

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

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

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

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

(the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. Provided no Early Termination Event has occurred and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

- (c) Early Termination Event: Upon the occurrence of an Early Termination Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. An Early Termination Event will override an Issuer Call and/or due Exercise if the Early Termination Event occurs prior to an Issuer Call Date or Valuation Date as the case may be.
- (d) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or the occurrence of an Early Termination Event (if applicable), and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Certificate Value if Certificate Value is specified as being applicable in the definition of the relevant Series in the applicable Final Terms and otherwise the Cash Amount or the Early Termination Amount, as the case may be.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Certificate Value if Certificate Value is specified as being applicable in the definition of the relevant Series in the applicable Final Terms and otherwise the Cash Amount or the Early Termination Amount, as the case may be.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;

- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Certificate Value, the Early Termination Amount or the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.

- (h) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
- (i) Settlement. Provided no Early Termination Event has occurred, the Issuer shall pay or cause to be paid the Certificate Value (if any) if Certificate Value is specified as being applicable in the definition of the relevant Series in the applicable Final Terms and otherwise the Cash Amount for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (j) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

4. ADJUSTMENTS

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

“**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 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):

- (i) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
- (ii) 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 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.
- (2) If (A) on or prior to the Valuation Date, the Early Termination Date (if applicable) 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 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 Early Termination Date (if applicable) 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 the Index then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level(s) for the Index on the Valuation Date, the Early Termination Date (if applicable) or 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 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 so to account for: (A) a distribution or dividend to existing holders of the Shares of (i) Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date, the Early Termination Date (if applicable) or the Issuer Call 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.

- (4) The Issuer reserves the right to issue further certificates, 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 further issue, adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required

to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO TOTAL RETURN MONEY MARKET INDEX OPEN END CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

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

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

- (i) Moratorium. A general moratorium is declared in respect of banking 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 the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment 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 could be zero and which shall be deemed to be a monetary value in the Underlying Currency) determined by the Calculation Agent to be equal to the level of the Index at the Valuation Time on the Valuation Date (in the case of an Exercise) or the Issuer Call Date (in the case of an Issuer Call), as adjusted by the Calculation Agent taking into consideration factors such as volume size and liquidity, and without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such date having regard to the then prevailing market conditions, the last reported Exchange Rate and such other factors as the Calculation Agent determines relevant;

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

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

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

“Index Sponsor” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index at a specified time as determined by the Index Sponsor and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“Initial Reference Price” means the level as specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

“Issuer Call Date” means the relevant first Trading Day of each month specified as such in the notice delivered by the Issuer in accordance with Product Condition 3 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 (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 Final Reference Price having regard to the then prevailing market conditions, the last reported Exchange Rate and such other factors as the Calculation Agent determines to be relevant;

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

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

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

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

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American 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 total return money market index open end certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

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

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

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

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations).

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

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

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

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

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance

of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

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

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

3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) **Issuer Call.** The Issuer may terminate the Securities, in whole but not in part on any Issuer Call Date, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) **Cash Settlement.** Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

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

principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

- (a) Price Source Disruption. It becomes impossible to obtain the Exchange Rate in the inter-bank market; or
- (b) 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 or 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
- (c) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Settlement Currency or (B) generally makes it impossible to deliver the Settlement Currency from accounts in the country of the principal financial centre of the Settlement 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. There is 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 Settlement Currency; or
- (e) Illiquidity. There is any impossibility in obtaining a firm quote for the Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (f) Moratorium. A general moratorium is declared in respect of banking activities in the principal financial centre of the Relevant Currency; or
- (g) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

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

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO BASKET OPEN END CERTIFICATES

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

1. DEFINITIONS

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

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

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

“**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, provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if applicable, and rounded to the nearest two decimal places, 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**”);

“Constituent Closing Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Basket Constituent, the price specified as such in the definition of the relevant Series in the applicable Final Terms as quoted at the close of trading on the Exchange as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price specified as such in the definition of the relevant Series in the applicable Final Terms of such Basket Constituent having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other markets factors as the Calculation Agent determines relevant, converted into the Settlement Currency using the Exchange Rate, if applicable;

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

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

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

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

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

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

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

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

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

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer or other taxes or duties and/or any bid/offer spread incurred upon liquidation of the hedge arising in connection with (a) the exercise of such Security and/or (b) any payment 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 equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on the Valuation Date or the Issuer Call Date, as the case may be, and (b) the Number of Units for such Basket Constituent;

“**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 Price**” means in respect of each Basket Constituent, the Constituent Closing Price on Issue Date - 1;

“**Initial Reference Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“**Issue Date - 1**” means the Trading Day immediately preceding the Issue Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Issue Date - 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Issue Date - 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Issue Date - 1 (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Constituent Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituents and such other factors as the Calculation Agent deems relevant;

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

“**Issuer Call Date**” means the day 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 with respect to any Basket Constituent, then in respect of such Basket Constituent, 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 Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituents and such other factors as the Calculation Agent determines to be relevant;

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

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

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

“Number of Units” means in relation to each Basket Constituent:

(A) on the Issue Date:

(Initial Reference Price x Weight) / Initial Price; and

(B) on each Re-weighting Day:

(Re-weighting Reference Price x Weight of such Basket Constituent) / Constituent Closing Price of such Basket Constituent on such Re-weighting Day - 1;

“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 definition of the relevant Series in the applicable Final Terms, subject to adjustment by the Issuer if, in adverse market conditions, in the opinion of the Issuer, the circumstances so require;

“Reference Price” means on any day, an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price and (b) the Number of Units for such Basket Constituent;

“Related Exchange” means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts relating to the Basket Constituents 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;

“**Re-weighting Reference Price**” means an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on Re-weighting Day – 1 and (b) the Number of Units for such Basket Constituent on the relevant Re-weighting Day - 1;

“**Re-weighting Day**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Re-weighting Day - 1**” means the Trading Day immediately preceding the relevant Re-weighting Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Re-weighting Day - 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Re-weighting Day - 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Re-weighting Day – 1 (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Constituent Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituents and such other factors as the Calculation Agent deems relevant;

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

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

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

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

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy,

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

“**Trading Day**” means, with respect to the Basket, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on all the Exchanges and any Related Exchanges other than a day on which trading on the Exchange or any Related Exchanges 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 or 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 that day with respect to any Basket Constituent in which case, in respect of such Basket Constituent, 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 Basket Constituent on the Exchange and such other factors as the Calculation Agent determines to be relevant; and

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

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

2. FORM

- (a) Global Form. Except in the case of Securities issued in the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures

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

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

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

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

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and

shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

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

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

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

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which

is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

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

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

3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) **Issuer Call.** The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) **Cash Settlement.** Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

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 Basket Constituents.

- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

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

principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

(a) Market Disruption.

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

“Market Disruption Event” means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Basket Constituents on the Exchange or any other exchange on which the Basket Constituents are traded; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Basket Constituent 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) Adjustments to the Basket

If a De-Listing occurs with respect to a Basket Constituent or a Basket Constituent is for any reason cancelled, the Calculation Agent may determine in its sole discretion to either (A) replace the de-listed or cancelled Basket Constituent by a successor

basket constituent which has in the determination of the Calculation Agent the same or a substantially similar structure and a substantially similar economic impact and is linked to the same commodity as such Basket Constituent or (B) remove the de-listed or cancelled Basket Constituent and allocate the Reference Price of such Basket Constituent as of the effective date of the de-listing or cancellation pro rata to the remaining Basket Constituents.

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 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 Constituent is 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).

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO ASSET OPEN END QUANTO CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**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, provided that the Cash Amount shall not be less than zero. 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**”);

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

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or

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

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

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

“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 Rate” means the fixed rate of exchange between the Underlying Currency and the Settlement Currency, being one unit of the Underlying Currency for one unit of the Settlement Currency;

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment 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 Settlement Currency using the Exchange Rate) equal to the price of the Reference Asset 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 without regard to any subsequently published correction, less accrued Quanto Maintenance Fee or (if, in the determination of the Calculation Agent, no such price of the Reference Asset 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 Reference Asset on such date having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines relevant, less accrued Quanto Maintenance Fee;

“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 Quanto Maintenance Fee Level” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

“Issuer Call Date” means the day specified as such in the notice delivered 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 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 (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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines to be relevant;

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

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

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

“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;

“Quanto Maintenance Fee” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Certificates. The Quanto Maintenance Fee will accrue on a daily basis from the Launch Date and be calculated by the Calculation Agent on each day in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms. If the Issuer realises a profit when arranging the Exchange Rate, the Quanto Maintenance Fee could be negative;

“Quanto Maintenance Fee Day Count Fraction” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

“Quanto Maintenance Fee Level” means, with respect to the Launch Date, the Initial Quanto Maintenance Fee Level and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market conditions, the correlation between the Underlying Currency and the Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems

relevant in determining the costs associated with hedging its obligations in respect of the Securities. The Quanto Maintenance Fee Level can be negative;

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

“**Related Exchange**” means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset is 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 asset open end quanto certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

“**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 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, 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 Reference Asset and such other factors as the Calculation Agent determines to be relevant; and

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

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

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

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

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations).

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

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

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

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

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance

of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other

entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

“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) the Reference Asset on the Exchange or any other exchange on which the Reference Asset is traded; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Reference Asset 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 Reference Asset 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 Reference Asset 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 Reference Assets 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 relevant Reference Assets.

- (c) If a De-Listing occurs with respect to the Reference Asset or it is for any reason cancelled, the Calculation Agent may determine in its sole discretion to either (A) replace the de-listed or cancelled Reference Asset by a successor reference asset 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 Reference Asset or (B) make any other adjustment as it sees fit.

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 the Reference Asset for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Reference Asset is listed (and such cessation or suspension is continuing and such Reference Asset is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

- (d) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such

determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO FUND BASKET OPEN END QUANTO CERTIFICATES

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

1. DEFINITIONS

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

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, 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;

“**Annual Fee**” means in respect of the Certificate Fee, the percentage fee per annum, specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

“**Basket Constituent Adviser**” means, in respect of any Basket Constituent, 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 Basket Constituent;

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

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

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

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

“Basket Level” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Basket Level for 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 unless “Cash Amount is specified as “Not 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 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;

“Certificate Fee” means an amount as determined by the Calculation Agent that will be calculated on a daily basis from the Launch Date in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Certificate Value” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Certificate Value for the relevant Series in the applicable Final Terms, less Expenses provided that the Certificate Value shall not be less than zero. The Certificate Value 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”**);

“Composition Charges” means all customary and usual execution fees, commissions, clearing and custody charges, contract transaction costs, or other fees or expenses and any associated documentary or other taxes that the Calculation Agent determines would have applied if there had been a sale, realisation, close-out or purchase, acquisition or entry into of a Basket Constituent;

“Day Count Fraction” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal,

interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

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

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

“Entitlement” means, unless “Entitlement” is specified as “Not Applicable” in the definition of the relevant Series in applicable Final Terms, the entitlement specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

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

“Exchange Rate” means the fixed rate of exchange between the Underlying Currency and the Settlement Currency, being one unit of the Underlying Currency for one unit of the Settlement Currency;

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

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

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

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

“Final Reference Price” means, unless “Final Reference Price” is specified as “Not Applicable” in the definition of the relevant Series in applicable Final Terms and 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 Settlement Currency using the Exchange Rate) equal to the NAV of the Basket Constituent as quoted by the fund manager of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the trading price of the Reference Asset on the Exchange in each case for the Valuation Date or the Issuer Call Date, as the case may be, as determined by the Calculation Agent without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation

Agent as its estimate of the NAV of the Basket Constituent or, where the Basket Constituent 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 or 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 Calculation Agent determines relevant;

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

“**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;

“**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 Basket Constituent, the Basket Constituent Adviser, any other Basket Constituent Service Provider or the directors of the Basket Constituent;

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

“**Initial Basket Level**” means the Initial Basket Level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Initial Quanto Maintenance Fee Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

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

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

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

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

“Issuer Call Date” means the day specified as such in the notice delivered 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) 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 Certificate Value having regard to the then prevailing market conditions, the last reported NAV 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 determines to be relevant; or

(ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(b) shall apply and the Issuer Call Date shall be adjusted accordingly;

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

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

“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;

“**Notional Transaction Price**” means the Price at which the relevant Basket Constituent would notionally have been acquired or disposed of (as appropriate) at the relevant time as such Basket Constituent is notionally included in or removed from the Basket, taking into account any applicable Composition Charges. Where a Basket Constituent is to be notionally removed from the Basket, its Notional Transaction Price shall be on the basis of its disposal and where an asset is notionally to be included, its Notional Transaction Price shall be on the basis of its acquisition. The Notional Transaction Price may be determined as the weighted average acquisition or disposal price over a period of several Trading Days if the Calculation Agent deems this to be appropriate;

“**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;

“**Performance**” means the performance of each Basket Constituent calculated by the Calculation Agent in accordance with the following formula:

$$\text{Reference Price on a Re-weighting Date} / \text{Reference Price on a Re-weighting Date} - 1;$$

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

“**Price**” means the price as determined by the Calculation Agent from such price sources as it shall determine, including without limitation the trading price at which a Basket Constituent is or would be traded;

“**Quanto Maintenance Fee**” means such fee deemed relevant by the Calculation Agent in determining the costs associated with arranging the Exchange Rate in respect of the Securities. The Quanto Maintenance Fee will be calculated by the Calculation Agent on a

daily basis from the Launch Date in accordance with the formula specified in the definition of Quanto Maintenance Fee for the relevant Series in the applicable Final Terms;

“Quanto Maintenance Fee Level” means, unless otherwise provided in the definition of the relevant Series in the applicable Final Terms, with respect to the Launch Date, the Initial Quanto Maintenance Fee Level and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market conditions, the correlation between the Basket Constituent and the prevailing rate of exchange between the Underlying Currency and the Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the costs associated with arranging the quanto feature in respect of the Securities. The Quanto Maintenance Fee Level can be negative;

“Rate” means, unless “Rate” is specified as “Not Applicable” in the definition of the relevant Series in applicable Final Terms and unless otherwise provided in the definition of the relevant Series in the applicable Final Terms, the prevailing rate for the Settlement Currency with a designated maturity of either one month or overnight as determined by the Calculation Agent in its sole discretion for each Day Count Fraction;

“Reference Asset” means the relevant interests in each Basket Constituent or if the Basket Constituent is an exchange traded fund the relevant interests specified as “Reference Assets” in the definition of Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Reference Price” means, in respect of any day, an amount (which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate) equal to the NAV of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the trading price of the Reference Asset on the Exchange as quoted by the fund manager for any particular 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 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 Basket Constituent or, where the Basket Constituent 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 or 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 Calculation Agent determines relevant;

“Related Exchange” means, with respect to a Basket Constituent 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 Basket Constituent 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 Basket Constituent and the Basket Constituent Adviser;

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

“Re-weighting Dates” means the date specified as such in the definition of the relevant Series in the applicable Final Terms and **“Re-weighting Date”** shall be construed accordingly;

“Re-weighting Date - 1” means the Trading Day immediately preceding the relevant Re-weighting Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day with respect to any Basket Constituent, in which case the Re-weighting Date - 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Re-weighting Date - 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Re-weighting Date - 1 (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Calculation Agent deems relevant;

“**Re-weighting Table**” means the table specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the fund basket open end quanto certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

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

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

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

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

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

“**Trading Day**” means (i) in respect of a Basket Constituent, any day on which dealing in the Basket Constituent can take place and (ii) in respect of a Basket Constituent 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 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 Issuer or the Calculation Agent on its behalf, either:

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

(ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(b) shall apply and the Valuation Date shall be adjusted accordingly;

and

“**Weight**” means subject to adjustment in accordance with Product Condition 4, the percentage weight of the Basket Value allocated to each Basket Constituent which on the Basket Launch Date shall be the Initial Weight and thereafter the Basket shall be re-weighted on each Re-weighting Date in accordance with the Re-weighting Table based on the Performance of each Basket Constituent.

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

2. FORM

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

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

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

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

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

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

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

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) **Issuer Call.** The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) **Cash Settlement.** Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Certificate Value.
- (d) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Certificate Value or Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Certificate Value (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other

entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) 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 Basket Constituent or on the rights of any investor therein with respect to the Reference Assets or the Basket Constituent 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 Basket Constituent 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 Basket Constituent’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 Basket Constituent as of that date or (c) the operation or organisation of the Basket Constituent or the Basket Constituent 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 Basket Constituent or the Reference Assets and/or any other units in the capital of the Basket Constituent and/or any Basket Constituent Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Basket Constituent Documents, the Basket Constituent Prospectus or the Portfolio Guidelines.

- (B) (a) the Basket Constituent is not being managed in accordance with the Basket Constituent Documents and/or the Basket Constituent 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 Basket Constituent or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Basket Constituent 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 Basket Constituent and/or any Basket Constituent Service Provider to meet or maintain any obligation or undertaking under the Basket Constituent Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Basket Constituent or any Basket Constituent Service Provider or the directors of the Basket Constituent 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 Basket Constituent or any Basket Constituent 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 Basket Constituent or any Basket Constituent 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 Basket Constituent or any Basket Constituent 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 Basket Constituent or any Basket Constituent Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Basket Constituent Administrator of a proposed cessation of operation of the Basket Constituent or the Basket Constituent or any Basket Constituent 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 Product Condition 4(a)(i)(E)(c)(I) above and in the case of this Product Condition 4(a)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Basket Constituent or any Basket Constituent 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 Basket Constituent becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Basket Constituent or the relevant Basket Constituent 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 Product Condition 4(a)(i)(E)(a) through 4(a)(i)(E)(f) above.

- (F) The Basket Constituent or any Basket Constituent Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Basket Constituent or any Basket Constituent 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 Basket Constituent 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 Basket Constituent or there is a reduction in the number of such Reference Assets held for the account of any investor in the Basket Constituent 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 Basket Constituent or the Reference Assets or (ii) the Basket Constituent or any Basket Constituent 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 Basket Constituent 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 Basket Constituent, 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 Basket Constituent (if the Basket Constituent 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 Basket Constituent on any day on which such calculation or publication was scheduled to be made in accordance with the Basket Constituent Documents and/or the Basket Constituent Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Basket Constituent with the frequency set out in the Basket Constituent Documents and/or the Basket Constituent Prospectus as they prevailed on the Inclusion Date or (c) where the Basket Constituent 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 Basket Constituent or any estimate of the NAV of the Basket Constituent 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 Basket Constituent 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 Basket Constituent and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Basket Constituent Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Basket Constituent that was specified to be published in accordance with the Basket Constituent Documents or the Basket Constituent 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 Basket Constituent varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Basket Constituent, or the auditors of the Basket Constituent qualify any audit report, or refuse to provide an unqualified audit

report, in respect of the Basket Constituent, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Basket Constituent published by or on behalf of the Basket Constituent in respect of any date does not reflect the NAV of such Basket Constituent as it would have been determined by the independent auditors of that Basket Constituent using the generally accepted accounting standards adopted by the Basket Constituent.

- (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 Basket Constituent, any Basket Constituent Service Provider or any director of the Basket Constituent 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 Basket Constituent (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 Basket Constituent'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 Basket Constituent, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Basket Constituent, or the Basket Constituent 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 Basket Constituent; or

(iv) Trading and Fees:

- (A) In respect of the Reference Assets, the Basket Constituent or any Basket Constituent 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 Basket Constituent 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 Basket Constituent 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 Basket Constituent Documents and/or Basket Constituent 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 Basket Constituent Documents or the Basket Constituent 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) Basket Constituent Adviser and Basket Constituent Service Provider Failures:

(A) The Basket Constituent Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Basket Constituent will not be, or is no longer able to be, met.

(B) Any representations, covenants or agreements of the Basket Constituent Adviser under the investment management agreement or

investment advisory agreement (howsoever described) relating to the Basket Constituent have been breached and not cured.

- (C) Any of: (a) the resignation, termination of appointment or replacement of the Basket Constituent Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Basket Constituent Service Provider from its role as such occurs with respect to the Basket Constituent or (b) any change in the personnel of any Basket Constituent Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Basket Constituent Service Provider to carry out its duties with respect to the Basket Constituent.
 - (D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Basket Constituent 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 Basket Constituent and of the rights attaching to the Reference Assets.
- (vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in subparagraphs (i) to (v) above.
- (b) Consequences of a Fund Event. In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):
- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or

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

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt

an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

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

(c) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Basket Constituent provided or published by or on behalf 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 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 Basket Constituent 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 Basket Constituent 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 Basket Constituent, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to

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

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

- (d) The Issuer shall give notice in accordance with General Condition 4 of any calculation or determination made by it or the Calculation Agent pursuant to this Product Condition 4 as soon as practicable after it has been made. The Issuer shall make available for inspection by Holders copies of any such calculations and determinations.

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX BASKET OPEN END CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Annual Fee**” means the percentage fee per annum, specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“**Best Performing Index**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Re-weighting Day, the Index that performed the best compared to the other Indexes in the Basket according to the following formula:

$$\text{Index Closing Price}_t / \text{Index Closing Price}_{t-1}$$

Where:

t = Re-weighting Day - 2

t-1 = (i) the immediately preceding Re-weighting Day - 2 or (ii) in respect of the first Re-weighting Day the Index Closing Price on the last Trading Day of the second preceding calendar month, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require.

For the avoidance of doubt, the Best Performing Index may be an Index subject to an adjustment in accordance with Product Condition 3(b). Where more than one Index is

described as the Best Performing Index, the Issuer shall select one such Index as the Best Performing Index in its sole and absolute discretion. Notice to the Holders shall be delivered in accordance with General Condition 4;

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses, provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if applicable, and rounded to the nearest two decimal places, 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**”);

“**Day Count Fraction**” means the number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

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

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money

borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

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

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

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

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

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

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

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

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

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer or other taxes or duties and/or any bid/offer spread incurred upon liquidation of the hedge arising in connection with (a) the exercise of such Security and/or (b) 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 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;

“Index Closing Price” means, in respect of each Index and any day, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the level of such Index at the Valuation Time on such 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 level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Index on such day having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines relevant, converted into the Settlement Currency using the Exchange Rate, if applicable;

“Initial Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Index, the Index Closing Price on Issue Date - 1;

“Initial Reference Price” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“Issue Date - 1” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Trading Day immediately preceding the Issue Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Issue Date - 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Issue Date - 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Issue Date - 1 (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Index Closing 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” 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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

“Issuer Call Date” means the day specified as such in the notice delivered by the Issuer in accordance with Product Condition 3 and 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 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 Index Closing 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 deems relevant;

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

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

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

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

“Notional Dividend Period” means each period from (and including) a Re-weighting Day to (but excluding) the earlier of the next following Re-weighting Day or the Issuer Call Date or Valuation Date, as the case may be;

“Number of Units” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in relation to each Index:

(a) on the Launch Date:

$(\text{Initial Reference Price} \times \text{Weight}) / \text{Initial Price}$; and

(b) on each Re-weighting Day:

$(\text{Re-weighting Reference Price} \times \text{Weight of such Index}) / \text{Index Closing Price of the Best Performing Index on Re-weighting Day} - 2$;

“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 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;

“Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, on any day, an amount equal to the sum of the product for each Index of (a) the Index Closing Price plus any Notional Dividend Amount and (b) the Number of Units for such Index;

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

“Re-weighting Reference Price” means an amount equal to the sum of the product for each Index of (a) the Index Closing Price on Re-weighting Day – 1 plus any Notional Dividend Amount and (b) the Number of Units for such Index on the relevant Re-weighting Day - 1;

“**Re-weighting Day**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Re-weighting Day - 1**” means the Trading Day immediately preceding the relevant Re-weighting Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Re-weighting Day - 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Re-weighting Day - 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Re-weighting Day – 1 (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Index Closing 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 deems relevant;

“**Re-weighting Day - 2**” means the second Trading Day immediately preceding the relevant Re-weighting Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Re-weighting Day - 2 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 succeeding the original date which (but for the Market Disruption Event) would have been the Re-weighting Day - 2. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Re-weighting Day – 2 (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Index Closing 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 deems relevant;

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

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

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

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

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

“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 Basket in 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 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 Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines to be relevant;

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

“Weight” means for each Index, and subject to adjustment in accordance with Product Condition 4, the percentage specified as such in the definition of Basket or as specified elsewhere 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

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

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

on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

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

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

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

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

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the

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

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

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

3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) **Issuer Call.** The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) **Cash Settlement.** Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following

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

- (e) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or in the determination of any Notional Dividend Amount.
- (f) **Notice.** All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the

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

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

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

are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

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

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

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

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below:
- (i) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
 - (ii) If (A) on or prior to the Valuation Date 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 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 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 Reference Price using, in lieu of a published level for the Index on the Valuation Date or 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 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 (G) 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 so to account for: (A) a distribution or dividend to existing holders of the Shares of (aa) Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date or the Issuer Call Date; (G) any other similar event having dilutive or concentrative effect on the theoretical value of the Shares.

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

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK OPEN END CERTIFICATES

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

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

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

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

“**Dividend Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Security, an amount, as determined by the Calculation Agent, equal to the cash dividends and/or other cash distributions in respect of the Shares, net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty without regard to any tax credits, and less any Expenses, multiplied by the

Entitlement where the ex dividend date for such dividends falls on a date during the period from (and including) the Issue Date to (and including) the relevant Valuation Date or Issuer Call Date, as the case may be;

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

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

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

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

“**Exchange**” means each 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 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 that time;

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

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

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

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

“Fee” means the fee (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 quoted 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 without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Share for such date having regard to the then prevailing market conditions, the last reported trading price of the Share 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;

“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 termination of the Securities by the Issuer in accordance with Product Condition 3;

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

“Issuer Call Date” means the day specified as such in the notice delivered 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 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 Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

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

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

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

“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 definition of the relevant Series in the applicable Final Terms, subject to adjustment by the Issuer if, in adverse market conditions, in the opinion of the Issuer, the 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 share open end certificates specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**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 and “**Shares**” shall be construed accordingly;

“**Share Company**” means the share company specified as such in the definition of the relevant Series, 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 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, 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; and

“**Valuation Time**” means the closing time of the relevant Exchange in relation to 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 the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except

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

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

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

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

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

thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

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

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

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

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

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

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

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

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) Dividend Amount. Unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the Holder is entitled to receive the Dividend Amount within ten Business Days following the receipt by the Issuer of the dividend and/or cash distribution to which it relates and the person entitled to receive such payment in respect of such Dividend Amount shall be the person who is shown in the records of the Clearing Agent(s) as the beneficial holder of such Security on the date of receipt by the Issuer. For the avoidance of any doubt, if the ex dividend date occurs before a Valuation Date or Issuer Call Date, as the case may be, but the date of receipt of the dividend and/or cash distribution by the Issuer is on or after such Valuation Date or Issuer Call Date, the person entitled to receive the Dividend Amount to which it relates shall be the person who is shown in the records of the Clearing Agent(s) as the beneficial holder of such Security on such Valuation Date or Issuer Call Date; *provided that* in no event shall the Issuer be obliged to take any action whatsoever in pursuit of payment of any dividend as a result of the Share Company failing to pay any such dividend when due.

(e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

(f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Dividend 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) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any

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

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

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

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

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (k) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (l) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (m) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any

amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (n) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

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

“**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: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Share Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other

similar event that may have a diluting or concentrative effect on the theoretical value of the 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 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 (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer, a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Valuation Date or the Issuer Call Date.

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

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

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

5. EFFECT OF FINAL TERMS

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

CONDITIONS: PRODUCT CONDITIONS
RELATING TO MULTI-ASSET BASKET OPEN END CERTIFICATES

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

1. DEFINITIONS

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

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

“**Basket Constituent**” means each Commodity, Share or Fund (including, where the Fund is an exchange traded fund, the Reference Asset), as the case may be, specified as such in the definition of Basket for the relevant Series in the applicable Final Terms, subject to Product Condition 4 and “**Basket Constituents**” means each or all of the Commodities, Shares and Funds (including, where the Fund is an exchange traded fund, the Reference Assets) as the case may be;

“**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, provided that the Cash Amount shall not be less than zero. The Cash

Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if applicable, and rounded to the nearest two decimal places, 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 Basket for the relevant Series in the applicable Final Terms, subject to Product Condition 4 and **“Commodities”** shall be construed accordingly;

“Constituent Closing Price” means, in respect of a Trading Day and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to:

- (i) in respect of each Commodity or Share, the price of such Basket Constituent on the Exchange at the Valuation Time on the relevant 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 such Basket Constituent on such date having regard to the then prevailing market conditions, the last reported trading price of such Basket Constituent on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4; and
- (ii) in respect of each Fund, an amount equal to the NAV of the 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 at the Valuation Time on the relevant 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 the Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange in each case for such date having regard to the then prevailing market conditions, the last reported NAV of such Fund or, where such 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, subject to adjustment in accordance with Product Condition 4;

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

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

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

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

(vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or

(viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

(ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

(x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

“Entitlement” means the entitlement specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“Exchange” means, with respect to each Commodity, Share or Fund which is an exchange traded fund, the exchange or quotation system specified as such in the definition of the Basket for the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

“Exchange Rate” means, in relation to each Basket Constituent and where applicable, the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“Exercise” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“Exercise Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Exercise Time” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer or other taxes or duties and/or any bid/offer spread incurred upon liquidation of the hedge arising in connection with (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise in respect of such Security;

“Final Reference Price” means, in relation to each Basket Constituent, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on the Valuation Date or the Issuer Call Date, as the case may be, and (b) the Number of Units for such Basket Constituent;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Form of the Securities” means the form specified as such in the applicable Final Terms;

“Fund” means each fund (including exchange traded funds) specified as such in the definition of Basket for 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(e) 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 Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Basket Constituent, the Constituent Closing Price on Issue Date – 1, subject to adjustment in accordance with Product Condition 4;

“**Initial Reference Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issue Date – 1**” means, if applicable, the Trading Day immediately preceding the Issue Date 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 Issue Date - 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Issue Date - 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Issue Date - 1 (regardless of the Market Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Constituent Closing Price 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 Calculation Agent deems relevant; or

- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(f) shall apply and the Issuer Date -1 shall be adjusted accordingly;

“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 termination of the Securities by the Issuer in accordance with Product Condition 3;

“Issuer Call Date” means the day 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 with respect to any Basket Constituent, then in respect of such Basket Constituent, 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituents 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 Calculation Agent deems relevant; or

(ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(f) shall apply and the Issuer Call Date shall be adjusted accordingly;

“**Issuer Call Notice Period**” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Launch Date**” means the date specified as such in the applicable Final Terms;

“**Market Disruption Event**” means each event specified as such in Product Condition 4, any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“**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, being the value which represents a Fund's per share market value;

“**Number of Units**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in relation to each Basket Constituent:

(A) on the Issue Date:

$(\text{Initial Reference Price} \times \text{Weight}) / \text{Initial Price}$; and

(B) on each Re-weighting Day:

(Re-weighting Reference Price x Weight of such Basket Constituent) / Constituent Closing Price of such Basket Constituent on such Re-weighting Day – 1;

“**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 definition of the relevant Series in the applicable Final Terms, subject to adjustment by the Issuer if, in adverse market conditions, in the opinion of the Issuer, the circumstances so require;

“**Reference Asset**” means the relevant interests specified as such in the definition of Basket in the relevant Series in the applicable Final Terms or, where the Reference Assets are not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund;

“**Reference Price**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, on any Trading Day, an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on such day and (b) the Number of Units for such Basket Constituent;

“**Related Exchange**” means in respect of a Share, Commodity or 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 relating to the relevant Basket Constituents 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 Product Condition 4(f)(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 Reference Price” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount equal to the sum of the product for each Basket Constituent of (a) the Constituent Closing Price on Re-weighting Day – 1 and (b) the Number of Units for such Basket Constituent on the relevant Re-weighting Day – 1;

“Re-weighting Day” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Re-weighting Day – 1” means the Trading Day immediately preceding the relevant Re-weighting 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 Re-weighting Day – 1 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 succeeding the original date which (but for the Market Disruption Event) would have been the Re-weighting Day – 1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Re-weighting Day – 1 (regardless of the Market Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Constituent Closing Price having regard to the then prevailing market conditions, the

last reported trading price of the Basket Constituents 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 Calculation Agent deems relevant; or

- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(f) shall apply and the Issuer Call Date shall be adjusted accordingly;

“Securities” means each Series of the multi-asset basket open end certificates specified in the applicable Final Terms and each such certificate a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“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 for the applicable Final Terms, subject to Product Condition 4, and **“Shares”** shall be continued accordingly;

“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;

“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 each 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 and any Related Exchanges other than a day on which trading on the Exchange or any Related Exchanges is scheduled to close prior to its regular weekday closing time, (ii) in respect of a Fund, any day that is (or, but for the occurrence of a Fund Event, would have

been) a day on which dealing in the Fund can take place and (iii) 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 Currency**” means, in relation to each Basket Constituent, the currency specified as such in the definition of Basket for 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 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, in respect of such Basket Constituent, 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 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent on the Exchange and such other factors as the Calculation Agent determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(f) shall apply and the Issuer Call Date shall be adjusted accordingly;

“**Valuation Time**” means, in relation to each Basket Constituent, at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer or the Calculation Agent on its behalf may determine in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Weight**” means, in relation to each Basket Constituent, and subject to adjustment in accordance with Product Condition 4, the percentage specified as such in the definition of Basket for the relevant Series in the applicable Final Terms.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. FORM

- (a) Global Form. Except in the case of Securities issued in the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and are 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered

on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the

“**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) **Issuer Call.** The Issuer may terminate the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) **Cash Settlement.** Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U. S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the

authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (g) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
- (h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (i) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities

are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (l) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing

Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) Market Disruption in relation to a Commodity.

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) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (ii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iii) Disappearance of Price. The failure of trading of the Commodity 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 Valuation Date, the Issuer Call 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 to it 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) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

(b) Market Disruption in relation to a Share.

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.

- (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 of the Shares 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” means (in this Product Condition 4(d) only) 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 (in this Product Condition 4(d) only) 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 or the Issuer Call 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) 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 Product Condition 4(e)(i)(E)(c)(I) above and in the case of this Product Condition 4(e)(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 Product Conditions 4(e)(i)(E)(a) through 4(e)(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.

(f) 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 Product Condition 4(f)(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 Product Condition 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.

(g) 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.

(h) Adjustments to the Basket.

If a De-Listing occurs with respect to a Fund or Share, as applicable or a Fund or Share 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 a substantially similar structure

and a substantially similar economic impact and is linked to the same asset as such Fund or Share, (B) remove the de-listed or cancelled Fund or Share, as applicable and allocate the Final Reference Price of such Fund or Share 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, which are not specified in Product Condition 4(h)(A) or (B) above, to the Conditions, including altering the Weight of the relevant Basket Constituents, 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 this paragraph.

“**De-listing**” means, for the purpose of the foregoing paragraph, a Fund or Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which they are listed (and such cessation or suspension is continuing and such Fund or Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

- (i) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SPREAD OPEN END CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Absolute Notional Position**” means as of the Launch Date, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, and thereafter, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount expressed in the Settlement Currency determined by the Calculation Agent on each Trading Day equal to:

$$\text{ANP}(t) = 100 \times \left(\frac{S_1(t)}{S_1(0)} + \frac{S_2(t)}{S_2(0)} \right)$$

Where:

ANP(t) = Absolute Notional Position on Trading Day t;

$S_1(0)$ = with respect to the Long Reference Asset, the Initial Reference Asset Price, converted into the Settlement Currency at the Initial Exchange Rate, if applicable;

$S_1(t)$ = with respect to the Long Reference Asset, the Reference Asset Price, converted into the Settlement Currency at the prevailing Exchange Rate, if applicable;

$S_2(0)$ = with respect to the Short Reference Asset, the Initial Reference Asset Price, converted into the Settlement Currency at the Initial Exchange Rate, if applicable;

$S_2(t)$ = with respect to the Short Reference Asset, the Reference Asset Price, converted into the Settlement Currency at the prevailing Exchange Rate, if applicable;

“**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 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;

“**Applicable Dividends**” means, where Dividends is specified as being Applicable in the definition of the relevant Series in the applicable Final Terms, (i) in respect of the Long Reference Asset, an amount equal to all cash dividends and/or other cash distributions declared in respect of the Share(s) or Fund which have an ex-dividend date occurring during the current Dividend Period net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty and without reference to tax credits, and less Expenses, and (ii) in respect of the Short Reference Asset, an amount equal to all cash dividends and/or other cash distributions declared in respect of the Share(s) or Fund which have an ex-dividend date occurring during the current Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing percentage payable under standard stock borrow agreements, as observed by The Royal Bank of Scotland N.V., and less Expenses;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

$(\text{Final Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}$, less Expenses (the “**Exercise Cash Amount**”); or

(b) Following an Issuer Automatic Call Event:

$(\text{Stop Loss Termination Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}$, less Expenses (the “**Issuer Automatic Call Cash Amount**”); or

(c) Upon an Issuer Call:

(Termination Reference Price + Daily Cash Amount) x Entitlement, less Expenses (the “**Issuer Call Cash Amount**”); or

(d) Following a Stop Loss Event:

(Stop Loss Termination Reference Price + Daily Cash Amount) x Entitlement, less Expenses (the “**Stop Loss Cash Amount**”),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Certificate Fee**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount in the Settlement Currency that will be calculated by the Calculation Agent on a daily basis from the Launch Date in accordance with the following formula:

$$CF(t) = F \times DCF(t-1,t) \times ANP(t-1)$$

Where:

CF(t) = Certificate Fee on Trading Day t;

F = Certificate Fee Level;

DCF(t-1,t) = Day Count Fraction between the immediately preceding Trading Day (t-1) and Trading Day t;

ANP(t-1) = Absolute Notional Position at the Valuation Time on the immediately preceding Trading Day (t-1);

“**Certificate Fee Level**” means the percentage fee per annum, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

$$CV(t) = [RASL(t) + CA(t)] \times CE$$

Where:

CV(t) = Certificate Value on Trading Day t;

RASL(t) = Reference Asset Spread Level on Trading Day t;

CA (t) = Daily Cash Amount on Trading Day t; and

CE = Entitlement;

provided that the Certificate Value shall not be less than zero;

“**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 (together the “**Clearing Agents**”);

“**Commodity**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Daily Cash Amount**” means as of the Launch Date, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, and thereafter, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount in the Settlement Currency determined by the Calculation Agent in accordance with the following formula:

$$CA(t) = CA(t-1) \times (1 + DCF(t-1, t) \times Rate_{t-1}) - MF(t) + D(t)$$

Where:

CA(t) = Daily Cash Amount on Trading Day t;

CA(t-1) = Daily Cash Amount on the immediately preceding Trading Day t-1;

DCF(t-1, t) = Day Count Fraction between Trading Day (t-1) and Trading Day t;

Rate_{t-1} = Rate on immediately preceding Trading Day t-1;

CF(t) = Certificate Fee on Trading Day t; and

D(t) = (i) If Dividends are specified as being Applicable, the Dividend Amount on Trading Day t, and otherwise (ii) zero;

“**Day Count Fraction**” means the day count fraction specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Dividend Amount**” means, where Dividends are specified as being Applicable in the definition of the relevant Series in the applicable Final Terms, an amount, as determined by the Calculation Agent, equal to the sum of the product for each Reference Asset of (a) the Applicable Dividends converted into the Settlement Currency at the prevailing Exchange Rate, and (b) the Weighting for such Reference Asset. This amount may be negative;

“**Dividend Period**” means a period from (but excluding) a Reset Date to (and including) the earliest of next following Reset Date, Issuer Call Date, Automatic Issuer Call Date, Stop Loss Termination Date, and Valuation Date;

“**Dividends**” are either Applicable or Not Applicable, as specified in the definition of the relevant Series in the applicable Final Terms;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its

affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

“Entitlement” means the number specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“Exchange” means (i) in respect of an Index, the exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities that comprise the Index (the **“Index Shares”**) to compute the Index or any successor to such exchange or quotation system, and otherwise (ii) in respect of a Commodity, Fund which is an exchange traded fund or a Share, the exchange or quotation system specified as such in the definition of Spread in the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system. “Exchanges” shall be construed accordingly;

“Exchange Rate” means, where the Reference Asset Currency is different to the Settlement Currency, the rate of exchange between the Reference Asset Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“Exercise” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“Exercise Date” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to a Stop Loss Event or Issuer Automatic Call Event, the third Business Day preceding a Valuation Date;

“Exercise Time” means 10.00 am (C.E.T.);

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment following exercise or otherwise in respect of such Security;

“Final Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level 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;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Fund” means each Reference Asset specified as such (including exchange traded funds) in the definition of Spread in the relevant Series in the applicable Final Terms;

“Fund Administrator” means, in respect of any 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 a 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 Spread in 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;

“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 any Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“Index” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“Index Sponsor” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“Initial Exchange Rate” means, unless otherwise specified in the definition of Spread in the relevant Series in the applicable Final Terms, in relation to each Reference Asset, the

Exchange Rate at the Valuation Time on the Pricing Date, subject to adjustment in accordance with Product Condition 4;

“**Initial Reference Asset Price**” means, unless otherwise specified in the definition of Spread in the relevant Series in the applicable Final Terms, in respect of each Reference Asset, the Reference Asset Price at the Valuation Time on the Pricing Date, 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;

“**Issuer Automatic Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Automatic Call Date**” means a day on which an Issuer Automatic Call Event occurs;

“**Issuer Automatic Call Event**” occurs if on any Trading Day from and including the Launch Date either (i) the Certificate Value at the Valuation Time (unless a Market Disruption Event or a Fund Event is occurring at such time) is less than the Minimum Certificate Value, or (ii) the Leverage at the Valuation Time (unless a Market Disruption Event or a Fund Event is occurring at such time) is greater than the Maximum Leverage;

“**Issuer Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Call Commencement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issuer Call Date**” means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) 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 Issuer or Calculation Agent on its behalf determines that there is no Market Disruption Event, unless the Issuer or 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 Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset Spread Level and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or

- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(e) shall apply and the Issuer Call Date shall be adjusted accordingly;

“Issuer Call Notice Period” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Launch Date” means the date specified as such in the applicable Final Terms;

“Leverage” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in respect of any Trading Day in accordance with the following formula:

$$L(t) = \frac{ANP(t)}{CV(t)}$$

Where:

L(t) = Leverage on Trading Day t;

ANP(t) = Absolute Notional Position on Trading Day t;

CV(t) = Certificate Value on Trading Day t;

“Long Reference Asset” means the Reference Asset specified as such in the definition of Spread in 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;

“Maximum Leverage” means the leverage 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;

“**Minimum Certificate Value**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**NAV**” means net asset value;

“**Payment Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the 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 if, in adverse market conditions, in the opinion of the Issuer or the Calculation Agent on its behalf, the circumstances so require;

“**Rate**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the prevailing rate for deposits in the Settlement Currency with a designated maturity of either one month or overnight (designated maturity selected by the Calculation Agent at its sole discretion), as determined by the Calculation Agent for each Day Count Fraction;

“**Reference Asset**” means each of the Long Reference Asset and Short Reference Asset as specified in the definition of Spread in the relevant Series in the applicable Final Terms (and

together the “**Reference Assets**”), subject to adjustment in accordance with Product Condition 4;

“**Reference Asset Company**” means, in respect of each Share, the company specified as such in the definition of Spread in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Reference Asset Currency**” means, in respect of each Reference Asset, the currency specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Reference Asset Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) in respect of an Index, the current level of such Index or if the Valuation Time has already passed, the closing level of such Index, (ii) in respect of a Share, a Fund which is an exchange traded fund or Commodity, the current price of such Share, Fund Reference Asset or Commodity, as the case may be, quoted on the Exchange, or if the Exchange has closed, the closing price of such Share, Fund Reference Asset or Commodity, (iii) in respect of a Fund, the NAV of the Fund as quoted by the fund manager or, in relation to all of (i) (ii) and (iii), (if in the determination of the Calculation Agent no such price, level or NAV can be determined and no Market Disruption Event or Fund Event has occurred and is continuing) a price, level or NAV determined by the Calculation Agent as its estimate of the price, level or NAV of the Reference Asset at such time having regard to the then prevailing market conditions, the last reported trading price or NAV as applicable of (i) in respect of an Index, the Index Shares, (ii) in respect of a Fund which is an exchange traded fund, the Fund Reference Asset on the Exchange and otherwise (iii) the Reference Asset on the Exchange, if applicable, and such other factors as the Issuer or the Calculation Agent determines relevant unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

(A) a Market Disruption Event occurs on any day which is not the Issuer Call Date nor the Valuation Date, in which case the Reference Asset Price shall be deemed to be the Reference Asset Price on the previous Trading Day, save that if a Market Disruption Event occurs on the Relevant Number of Trading Days preceding such date, then on the last day of the Relevant Number of Trading Days preceding such date the Issuer or the Calculation Agent on its behalf shall determine the Reference Asset Price having regard to the then prevailing market conditions, the last reported trading price of (i) in respect of an Index, the Index Shares, and otherwise (ii) the Reference Asset on the Exchange, if applicable, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant and such

day shall be deemed to be a day on which a Market Disruption Event does not occur for the purposes of this definition); or

(B) a Fund Event occurs on any such day, in which case the provisions of Product Condition 4(e) shall apply and the Reference Asset Price shall be adjusted accordingly;

“**Reference Asset Spread Level**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, which may be a negative amount, expressed in the Settlement Currency and determined by the Spread Index Agent on any Trading Day equal to:

$$RASL(t) = 100 \times \left(\frac{S_1(t)}{S_1(0)} - \frac{S_2(t)}{S_2(0)} \right)$$

Where:

RASL(t) = Reference Asset Spread Level on Trading Day t;

$S_1(0)$ = with respect to the Long Reference Asset, the Initial Reference Asset Price, converted into the Settlement Currency at the Initial Exchange Rate, if applicable;

$S_1(t)$ = with respect to the Long Reference Asset, the Reference Asset Price, converted into the Settlement Currency at the prevailing Exchange Rate, if applicable;

$S_2(0)$ = with respect to the Short Reference Asset, the Initial Reference Asset Price, converted into the Settlement Currency at the Initial Exchange Rate, if applicable;

$S_2(t)$ = with respect to the Short Reference Asset, the Reference Asset Price, converted into the Settlement Currency at the prevailing Exchange Rate, if applicable;

“**Related Exchange**” means in respect of the Reference Assets, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded and “**Related Exchanges**” shall be construed accordingly;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the 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 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 Product Condition 4(e)(B). 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;

“**Reset Date**” means, unless otherwise specified in the definition of the Series in the applicable Final Terms, the Launch Date and thereafter each Business Day, at the determination of the Calculation Agent;

“**Securities**” means the spread open end certificates relating to the Reference Assets and each a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the fifth Business Day following (i) the Valuation Date, (ii) the last day of the Stop Loss Termination Valuation Period, or (iii) the Issuer Call Date, as the case may be;

“**Share**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Short Reference Asset**” means the Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Spread**” means the spread specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Spread Index Agent**” means the agent specified as such in the definition of the relevant Series in the applicable Final Terms, and references to Spread Index Agent shall include any successor spread index agent;

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Stop Loss Event**” occurs, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if the Reference Asset Spread Level is at the Valuation Time on any Trading Day from and including the Launch Date, other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event or a Fund Event, less than the Stop Loss Price;

“**Stop Loss Price**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Stop Loss Termination Date**” means the Trading Day on which the Stop Loss Event occurs;

“**Stop Loss Termination Reference Price**” means, subject to any adjustment in accordance with Product Condition 4, an amount in the Settlement Currency, as determined by the Calculation Agent in its sole and absolute discretion to be the fair value price for the Reference Asset Spread Level as determined by the Calculation Agent by reference to the unwinding of the hedging position on a best efforts basis during the Stop Loss Termination Valuation Period. The Stop Loss Termination Reference Price will be equal to at least the lowest Reference Asset Spread Level during the Stop Loss Termination Valuation Period;

“**Stop Loss Termination Valuation Period**” means (a) following an Issuer Automatic Call Event, the Issuer Automatic Call Date or if the Automatic Call Event occurs at the Valuation Time, the following Trading Day, or (b) following a Stop Loss Event, the Stop Loss Termination Date, or if the Stop Loss Event occurs at the Valuation Time, the following Trading Day;

“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;

“Termination Reference Price” means an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

“Trading Day” means (i) in respect of an Index, any day on which the Index Sponsor should calculate and publish the closing level of the index according to its rules, or (ii) in respect of a Share, Fund that is an exchange traded fund or Commodity, any day that is (or, but for the occurrence of a Market Disruption Event or a Fund Event, as applicable 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, or (iii) in respect of a Fund, any day on which dealing in the Fund can take place;

“Valuation Date” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the last Trading Day of March in each year, commencing at least one year after the Issue Date 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 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 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset Spread Level 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, unless otherwise specified in the definition of the relevant Series, (i) in respect of an Index, the time with reference to which the Index Sponsor calculates and publishes the closing level of the Index, or (ii) in respect of a Share or Commodity, the close

of trading on the Exchange, or (iii) in respect of a Fund (other than those Funds which are exchange traded funds), the time with reference to which the fund manager publishes the net asset value, or (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 in relation to (i) (ii), (iii) or (iv) such other time as the Issuer or the Calculation Agent on its behalf may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Weighting**” means, in respect of each Reference Asset, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the weighting of the Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms or, if weighting is not specified as such:

(a) in respect of the Long Reference Asset:

100 units of the Settlement Currency
Initial Reference Asset Price converted into the Settlement Currency at the Initial Exchange Rate;

and

(b) in respect of the Short Reference Asset:

-100 units of the Settlement Currency
Initial Reference Asset Price converted into the Settlement Currency at the Initial Exchange Rate,

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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except

in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “Holder” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or

thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions,

the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. Provided no Stop Loss Event or Issuer Automatic Call Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically in whole but not in part and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call, Issuer Automatic Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date, Issuer Automatic Call Date or Valuation Date as the case may be.
- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise, an Issuer Automatic Call or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Issuer Automatic Call. Following an Issuer Automatic Call Event, the Securities will terminate automatically in whole but not in part and the Issuer will give notice to the Holders in accordance with General Condition 4. An Issuer Automatic Call Event will override an Issuer Call, and/or due Exercise if the Issuer Automatic Call Event occurs prior to an Issuer Call Date or Valuation Date as the case may be.
- (e) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event or Issuer Automatic Call Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date either:

- (i) The Exercise Cash Amount, following a valid Exercise; or
 - (ii) The Issuer Call Cash Amount, following a valid Issuer Call; or
 - (iii) The Issuer Automatic Call Cash Amount, following Issuer Automatic Call; or
 - (iv) The Stop Loss Cash Amount, following a Stop Loss 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 the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (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 any Cash 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 Reference Assets.

- (h) Notice. All payments shall be subject to the delivery of a duly completed notice (a “Notice”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;

- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
 - (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (i) **Verification.** In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
 - (j) **Settlement.** The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.

- (k) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any

acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (n) **Method of Payment.** Subject as provided below, where the 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.
- (o) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) **Market Disruption.** The 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 respect of a Share, “**Market Disruption Event**” means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Reference Assets on the Exchange or any other exchange on which the Reference Assets are listed; or (B) any options contracts or futures contracts or other

derivatives contracts relating to the Reference Assets 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.

In respect of an Index, “**Market Disruption Event**” means:

- (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located; or

- (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
- (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

In respect of a Commodity, “**Market Disruption Event**” means:

- (i) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (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 Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
- (v) Material Change in Content. The occurrence, since the Launch 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 Valuation Date, Issuer Call Date, Automatic Issuer Call Date, or Stop Loss Termination Date, and/or on each of the three Trading

Days following such 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 to it 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 any Related Exchange is located; or
- (x) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

(b) Adjustment Events.

In respect of a Share:

Following a declaration by a Reference Asset Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of

liquidation of the Reference Asset Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Reference Asset Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Reference Asset Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

“**Merger Event**”, in this Product Condition 4(b) only, means any (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (ii) consolidation, amalgamation, merger or binding share exchange of a Reference Asset Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Reference Asset Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Reference Asset Company); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer, a majority of the voting power of the Reference Asset Company to the offeror, in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date.

In respect of an Index:

- (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 any day 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 any day 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 Reference Asset Price using, in lieu of a published level for the Index on such day, 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 Index 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 Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the Index Shares of: (aa) Index Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Index Shares equally or proportionately with such payments to holders of Index Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Index Shares to existing holders of the Index Shares 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 of the Index Shares 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 of the Index Shares 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 of the Index Shares, 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, Issuer Call Date, Automatic Issuer Call Date, or Stop Loss Termination Date, as the case may be; (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; or (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

- (iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.
- (c) De-listing, Merger Event, Nationalisation and Insolvency in respect of a Share. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Reference Asset 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 fully account 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 exchanges 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(c) only, means any (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (ii) consolidation, amalgamation, merger or binding share exchange of a Reference Asset Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Reference Asset Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Reference Asset Company); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer, a majority of the voting power of the Reference Asset Company to the offeror, in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date.

“**Nationalisation**” means that all the Shares of a Reference Asset Company or all the assets or substantially all the assets of a Reference Asset 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 Reference Asset Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Reference Asset Company become legally prohibited from transferring them.

- (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.

(A) Global Events:

- (1) 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.

- (2) (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.
- (3) 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.
- (4) 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.

- (5) 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) (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 Product Condition 4(d)(A)(5)(c)(I) above and in the case of this Product Condition 4(d)(A)(5)(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 Product Conditions 4(d)(A)(5)(a) through 4(d)(A)(5)(f) above.

- (6) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (7) Any Merger Event occurs or is threatened.
- (8) 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.
- (9) 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.
- (10) (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.

- (11) 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).
- (12) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

(B) NAV/Price and Reporting:

- (1) 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.
- (2) (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.
- (3) (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.

- (4) 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.
- (5) (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).

(C) Fund Reference Assets:

Any of the following events relating to the Fund Reference Assets occurs:

- (1) 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;
- (2) 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;
- (3) 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;
- (4) 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

(D) Trading and Fees:

- (1) 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).

- (2) 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.
- (3) 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.
- (4) 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.

(E) Fund Adviser and Fund Service Provider Failures:

- (1) 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.
- (2) 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.

(3) 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.

(4) 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.

(F) 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 (A) to (E) 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”**):

(A) (1) 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 (2) determine the effective date of the relevant adjustments; or

(B) select a Replacement Fund and a Substitution Date. Following any such selection (1) the Replacement Fund shall replace the affected Fund on the Substitution Date, (2) 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 (3) 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

- (C) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (D) 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 (1) 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 (2) 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 (1) or (2) of this Product Condition 4(b)(D) (as determined by the Issuer or the Calculation Agent on its behalf), (3) 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 (1), (2) or (3), 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 Product Condition 4(e), 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:

- (A) 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.
- (B) 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.
- (C) 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.

(g) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO QUANTO SPREAD OPEN END CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Absolute Notional Position**” means as of the Launch Date, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, and thereafter, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount expressed in the Settlement Currency determined by the Calculation Agent on each Trading Day equal to:

$$ANP(t) = 100 \times \left(\frac{S_1(t)}{S_1(0)} + \frac{S_2(t)}{S_2(0)} \right)$$

Where:

ANP(t) = Absolute Notional Position on Trading Day t;

S₁(0) = with respect to the Long Reference Asset, the Initial Reference Asset Price;

S₁(t) = with respect to the Long Reference Asset, the Reference Asset Price;

S₂(0) = with respect to the Short Reference Asset, the Initial Reference Asset Price;

S₂(t) = with respect to the Short Reference Asset, the Reference Asset Price;

“**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 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;

“**Applicable Dividends**” means, where Dividends is specified as being Applicable in the definition of the relevant Series in the applicable Final Terms, (i) in respect of the Long Reference Asset, an amount equal to all cash dividends and/or other cash distributions declared in respect of the Share(s) or Fund which have an ex-dividend date occurring during the current Dividend Period net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty and without reference to tax credits, and less Expenses, and (ii) in respect of the Short Reference Asset, an amount equal to all cash dividends and/or other cash distributions declared in respect of the Share(s) or Fund which have an ex-dividend date occurring during the current Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing percentage payable under standard stock borrow agreements, as observed by The Royal Bank of Scotland N.V., and less Expenses;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

(a) Upon Exercise:

$(\text{Final Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}$, less Expenses (the “**Exercise Cash Amount**”); or

(b) Following an Issuer Automatic Call Event:

$(\text{Stop Loss Termination Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}$, less Expenses (the “**Issuer Automatic Call Cash Amount**”); or

(c) Upon an Issuer Call:

$(\text{Termination Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}$, less Expenses (the “**Issuer Call Cash Amount**”); or

(d) Following a Stop Loss Event:

$(\text{Stop Loss Termination Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}$, less Expenses (the “**Stop Loss Cash Amount**”),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Certificate Fee**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount in the Settlement Currency that will be calculated by the Calculation Agent on a daily basis from the Launch Date in accordance with the following formula:

$$CF(t) = F \times DCF(t-1,t) \times ANP(t-1)$$

Where:

CF(t) = Certificate Fee on Trading Day t;

F = Certificate Fee Level;

DCF(t-1,t) = Day Count Fraction between the immediately preceding Trading Day (t-1) and Trading Day t;

ANP(t-1) = Absolute Notional Position at the Valuation Time on the immediately preceding Trading Day (t-1);

“**Certificate Fee Level**” means the percentage fee per annum, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

$$CV(t) = [RASL(t) + CA(t)] \times CE$$

Where:

CV(t) = Certificate Value on Trading Day t;

RASL(t) = Reference Asset Spread Level on Trading Day t;

CA (t) = Daily Cash Amount on Trading Day t; and

CE = Entitlement;

provided that the Certificate Value shall not be less than zero;

“**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 (together the “**Clearing Agents**”);

“**Commodity**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Daily Cash Amount**” means as of the Launch Date, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, and thereafter, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount in the Settlement Currency determined by the Calculation Agent in accordance with the following formula:

$$CA(t) = CA(t-1) \times (1 + DCF(t-1, t) \times Rate_{t-1}) + QMF(t) - MF(t) + D(t)$$

Where:

CA(t) = Daily Cash Amount on Trading Day t;

CA(t-1) = Daily Cash Amount on the immediately preceding Trading Day t-1;

DCF(t-1, t) = Day Count Fraction between Trading Day (t-1) and Trading Day t;

Rate_{t-1} = Rate on immediately preceding Trading Day t-1;

QMF(t) = Quanto Maintenance Fee of Trading Day t;

CF(t) = Certificate Fee on Trading Day t; and

D(t) = (i) If Dividends are specified as being Applicable, the Dividend Amount on Trading Day t, and otherwise (ii) zero;

“**Day Count Fraction**” means the day count fraction specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Dividend Amount**” means, where Dividends are specified as being Applicable in the definition of the relevant Series in the applicable Final Terms, an amount, as determined by the Calculation Agent, equal to the sum of the product for each Reference Asset of (a) the Applicable Dividends converted into the Settlement Currency at the Exchange Rate, and (b) the Weighting for such Reference Asset. This amount may be negative;

“**Dividend Period**” means a period from (but excluding) a Reset Date to (and including) the earliest of next following Reset Date, Issuer Call Date, Issuer Automatic Call Date, Stop Loss Termination Date, and Valuation Date, as the case may be;

“**Dividends**” are either Applicable or Not Applicable, as specified in the definition of the relevant Series in the applicable Final Terms;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

“**Entitlement**” means the number specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“**Exchange**” means (i) in respect of an Index, the exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities that comprise the Index (the “**Index Shares**”) to compute the Index or any successor to such exchange or quotation system, and otherwise (ii) in respect of a Commodity, Fund which is an exchange traded fund or a Share, the exchange or quotation system specified as such in the definition of Spread in the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system. “Exchanges” shall be construed accordingly;

“**Exchange Rate**” means, where the Reference Asset Currency is different to the Settlement Currency, the fixed rate of exchange of one unit of the Reference Asset Currency to one unit of the Settlement Currency;

“**Exercise**” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“**Exercise Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to a Stop Loss Event or Issuer Automatic Call Event, the third Business Day preceding a Valuation Date;

“Exercise Time” means 10.00 am (C.E.T.);

“Expenses” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise in respect of such Security;

“Final Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level 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;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Fund” means each Reference Asset specified as such (including exchange traded funds) in the definition of Spread in the relevant Series in the applicable Final Terms;

“Fund Administrator” means, in respect of any 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 a 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 Spread in 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;

“**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 any Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“**Index**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Index Sponsor**” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Quanto Maintenance Fee Level**” means the percentage specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Initial Reference Asset Price**” means, unless otherwise specified in the definition of Spread in the relevant Series in the applicable Final Terms, in respect of each Reference Asset, the

Reference Asset Price at the Valuation Time on the Pricing Date, 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;

“**Issuer Automatic Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Automatic Call Date**” means a day on which an Issuer Automatic Call Event occurs;

“**Issuer Automatic Call Event**” occurs if on any Trading Day from and including the Launch Date either (i) the Certificate Value at the Valuation Time (unless a Market Disruption Event or a Fund Event is occurring at such time) is less than the Minimum Certificate Value, or (ii) the Leverage at the Valuation Time (unless a Market Disruption Event or a Fund Event is occurring at such time) is greater than the Maximum Leverage;

“**Issuer Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Call Commencement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issuer Call Date**” means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) 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 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 Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset Spread Level 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 and is continuing 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 the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Launch Date**” means the date specified as such in the applicable Final Terms;

“**Leverage**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in respect of any Trading Day in accordance with the following formula:

$$L(t) = \frac{ANP(t)}{CV(t)}$$

Where:

L(t) = Leverage on Trading Day t;

ANP(t) = Absolute Notional Position on Trading Day t;

CV(t) = Certificate Value on Trading Day t;

“**Long Reference Asset**” means the Reference Asset specified as such in the definition of Spread in 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;

“**Maximum Leverage**” means the leverage 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;

“**Minimum Certificate Value**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**NAV**” means net asset value;

“**Payment Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the 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 if, in adverse market conditions, in the opinion of the Issuer or the Calculation Agent on its behalf, the circumstances so require;

“**Quanto Maintenance Fee**” means a fee in the Settlement Currency covering the Issuer’s expenses of arranging the Exchange Rate for the Holders and will be calculated on a daily basis from the Launch Date in accordance with the following formula:

$$\begin{aligned}
 QMF(t) = & 100 \times \left(\frac{S_1(t-1)}{S_1(0)} \right) \times QMFL_1(t-1) \times DCF(t-1,t) \\
 & - 100 \times \left(\frac{S_2(t-1)}{S_2(0)} \right) \times QMFL_2(t-1) \times DCF(t-1,t)
 \end{aligned}$$

where:

QMF(t) = Quanto Maintenance Fee on Trading Day t;

- $S_1(0)$ = with respect to the Long Reference Asset, the Initial Reference Asset Price;
- $S_1(t-1)$ = with respect to the Long Reference Asset, the Reference Asset Price on the immediately preceding Trading Day t-1;
- $QMFL_1(t-1)$ = with respect to the Long Reference Asset, the Quanto Maintenance Fee Level on the immediately preceding Trading Day t-1;
- $S_2(0)$ = with respect to the Short Reference Asset, the Initial Reference Asset Price; and
- $S_2(t-1)$ = with respect to the Short Reference Asset, the Reference Asset Price on the immediately preceding Trading Day t-1;
- $QMFL_2(t-1)$ = with respect to the Short Reference Asset, the Quanto Maintenance Fee Level on the immediately preceding Trading Day t-1; and
- $DCF(t-1,t)$ = Day Count Fraction between the immediately preceding Trading Day t-1 and Trading Day t.

If the Issuer realises a profit when arranging the Exchange Rate, the Quanto Maintenance Fee can be negative;

“Quanto Maintenance Fee Level” means, in respect of each Reference Asset, the Initial Quanto Maintenance Fee Level on the Launch Date and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent having regard to the prevailing market conditions, the correlation between the Reference Asset and the prevailing rate of exchange between the Reference Asset Currency and the Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the expenses for arranging the Exchange Rate. The Quanto Maintenance Fee Level may be reset on a daily basis and may be negative;

“Rate” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the prevailing rate for deposits in the Settlement Currency with a designated maturity of either one month or overnight (designated maturity selected by the Calculation Agent at its sole discretion), as determined by the Calculation Agent for each Day Count Fraction;

“Reference Asset” means each of the Long Reference Asset and Short Reference Asset as specified in the definition of Spread in the relevant Series in the applicable Final Terms (and together the **“Reference Assets”**), subject to adjustment in accordance with Product Condition 4;

“Reference Asset Company” means, in respect of each Share, the company specified as such in the definition of Spread in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Reference Asset Currency” means, in respect of each Reference Asset, the currency specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“Reference Asset Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) in respect of an Index, the current level of such Index or if the Valuation Time has already passed, the closing level of such Index, (ii) in respect of a Share, a Fund which is an exchange traded fund or Commodity, the current price of such Share, Fund Reference Asset or Commodity, as the case may be, quoted on the Exchange, or if the Exchange has closed, the closing price of such Share, Fund Reference Asset or Commodity, (iii) in respect of a Fund, the NAV of the Fund as quoted by the fund manager or, in relation to all of (i), (ii) and (iii), (if in the determination of the Calculation Agent no such price, level or NAV can be determined and no Market Disruption Event or Fund Event has occurred and is continuing) a price, level or NAV determined by the Calculation Agent as its estimate of the price, level or NAV of the Reference Asset at such time having regard to the then prevailing market conditions, the last reported trading price or NAV as applicable of (i) in respect of an Index, the Index Shares, (ii) in respect of a Fund which is an exchange traded fund, the Fund Reference Asset on the Exchange and otherwise (iii) the Reference Asset on the Exchange, if applicable, and such other factors as the Issuer or the Calculation Agent determines relevant unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (A) a Market Disruption Event occurs on any day which is not the Issuer Call Date nor the Valuation Date, in which case the Reference Asset Price shall be deemed to be the Reference Asset Price on the previous Trading Day, save that if a Market Disruption Event occurs on the Relevant Number of Trading Days preceding such date, then on the last day of the Relevant Number of Trading Days preceding such date the Issuer or the Calculation Agent on its behalf shall determine the Reference Asset Price having regard to the then prevailing market conditions, the last reported trading price of (i) in respect of an Index, the Index Shares and otherwise (ii) the Reference Asset on the Exchange, if applicable, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant and such day shall be deemed to be a day on which a Market Disruption Event does not occur for the purposes of this definition); or

(B) a Fund Event occurs on any such day, in which case the provisions of Product Condition 4(e) shall apply and the Reference Asset Price shall be adjusted accordingly;

“**Reference Asset Spread Level**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, which may be a negative amount, expressed in the Settlement Currency and determined by the Spread Index Agent on any Trading Day equal to:

$$\text{RASL}(t) = 100 \times \left(\frac{S_1(t)}{S_1(0)} - \frac{S_2(t)}{S_2(0)} \right)$$

Where:

RASL(t) = Reference Asset Spread Level on Trading Day t;

S₁(0) = with respect to the Long Reference Asset, the Initial Reference Asset Price;

S₁(t) = with respect to the Long Reference Asset, the Reference Asset Price;

S₂(0) = with respect to the Short Reference Asset, the Initial Reference Asset Price;

S₂(t) = with respect to the Short Reference Asset, the Reference Asset Price;

“**Related Exchange**” means in respect of the Reference Assets, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded and “Related Exchanges” shall be construed accordingly;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the 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 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 Product Condition 4(d)(ii)(B). 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;

“Reset Date” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Launch Date and thereafter each Business Day, at the determination of the Calculation Agent;

“Securities” means the quanto spread open end certificates relating to the Reference Assets and each a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the fifth Business Day following (i) the Valuation Date, (ii) the last day of the Stop Loss Termination Valuation Period, or (iii) the Issuer Call Date, as the case may be;

“Share” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“Short Reference Asset” means the Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“Spread” means the spread specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“Spread Index Agent” means the agent specified as such in the definition of the relevant Series in the applicable Final Terms, and references to Spread Index Agent shall include any successor spread index agent;

“Standard Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“Stop Loss Event” occurs, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if the Reference Asset Spread Level is at the Valuation Time on any Trading Day from and including the Launch Date, other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event or a Fund Event, less than the Stop Loss Price;

“Stop Loss Price” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Stop Loss Termination Date” means the Trading Day on which the Stop Loss Event occurs;

“Stop Loss Termination Reference Price” means, subject to any adjustment in accordance with Product Condition 4, an amount in the Settlement Currency, as determined by the Calculation Agent in its sole and absolute discretion to be the fair value price for the Reference Asset Spread Level as determined by the Calculation Agent by reference to the unwinding of the hedging position on a best effort basis during the Stop Loss Termination Valuation Period. The Stop Loss Termination Reference Price will be equal to at least the lowest Reference Asset Spread Level during the Stop Loss Termination Valuation Period;

“Stop Loss Termination Valuation Period” means (a) following an Issuer Automatic Call Event, the Issuer Automatic Call Date or if the Automatic Call Event occurs at the Valuation Time, the following Trading Day, or (b) following a Stop Loss Event, the Stop Loss Termination Date or if the Stop Loss Event occurs at the Valuation Time, the following Trading Day;

“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;

“Termination Reference Price” means an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

“Trading Day” means (i) in respect of an Index, any day on which the Index Sponsor should calculate and publish the closing level of the index according to its rules, or (ii) in respect of a Share, Fund that is an exchange traded fund or Commodity, any day that is (or, but for the occurrence of a Market Disruption Event or a Fund Event, as applicable 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, or (iii) in respect of a Fund, any day on which dealing in the Fund can take place;

“Valuation Date” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the last Trading Day of March in each year, commencing at least one year after the Issue Date 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 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 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset Spread Level 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, unless otherwise specified in the definition of the relevant Series, (i) in respect of an Index, the time with reference to which the Index Sponsor calculates and publishes the closing level of the Index, or (ii) in respect of a Share or Commodity, the close of trading on the Exchange, or (iii) in respect of a Fund (other than those Funds which are exchange traded funds), the time with reference to which the fund manager publishes the net asset value, or (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 in relation to (i) (ii), (iii) or (iv) such other time as the Issuer or the Calculation Agent on its behalf may

select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Weighting**” means, in respect of each Reference Asset, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the weighting of the Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms or, if weighting is not specified as such:

(a) in respect of the Long Reference Asset:

100 units of the Settlement Currency
Initial Reference Asset Price converted into the Settlement Currency at the Exchange
Rate;

and

(b) in respect of the Short Reference Asset:

-100 units of the Settlement Currency
Initial Reference Asset Price converted into the Settlement Currency at the Exchange
Rate,

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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “Holder” shall be construed accordingly) for all purposes, other than with respect to any payment

and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities

relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. Provided no Stop Loss Event or Issuer Automatic Call Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically in whole but not in part and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call, Issuer Automatic Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date, Issuer Automatic Call Date or Valuation Date as the case may be.
- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise, an Issuer Automatic Call or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Issuer Automatic Call. Following an Issuer Automatic Call Event, the Securities will terminate automatically in whole but not in part and the Issuer will give notice to the Holders in accordance with General Condition 4. An Issuer Automatic Call Event will override an Issuer Call, and/or due Exercise if the Issuer Automatic Call Event occurs prior to an Issuer Call Date or Valuation Date as the case may be.
- (e) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event or Issuer Automatic Call Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date either:
 - (i) The Exercise Cash Amount, following a valid Exercise; or
 - (ii) The Issuer Call Cash Amount, following a valid Issuer Call; or

- (iii) The Issuer Automatic Call Cash Amount, following Issuer Automatic Call; or
 - (iv) The Stop Loss Cash Amount, following a Stop Loss 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 the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (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 any Cash 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 Reference Assets.

- (h) Notice. All payments shall be subject to the delivery of a duly completed notice (a "Notice") to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the

United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (i) **Verification.** In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
- (j) **Settlement.** The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (k) **Determinations.** Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is

not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (n) 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.

- (o) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) Market Disruption. The 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 respect of a Share, “**Market Disruption Event**” means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Reference Assets on the Exchange or any other exchange on which the Reference Assets are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Reference Assets 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.

In respect of an Index, “**Market Disruption Event**” means:

- (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
 - (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

In respect of a Commodity, “**Market Disruption Event**” means:

- (i) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (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 Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
- (v) Material Change in Content. The occurrence, since the Launch 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 Valuation Date, Issuer Call Date, Issuer Automatic Call Date, or Stop Loss Termination Date, and/or on each of the three Trading Days following such 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 to it 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 any Related Exchange is located; or
- (x) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

(b) Adjustment Events.

In respect of a Share:

Following a declaration by a Reference Asset Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Asset Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the

Reference Asset Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Reference Asset Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

“**Merger Event**”, in this Product Condition 4(b) only, means any (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (ii) consolidation, amalgamation, merger or binding share exchange of a Reference Asset Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Reference Asset Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Reference Asset Company); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer, a majority of the voting power of the Reference Asset Company to the offeror, in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date.

In respect of an Index:

- (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 any day 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 any day 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 Reference Asset Price using, in lieu of a published level for the Index on such day, 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 Index 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 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 Index Shares of: (aa) Index Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Index Shares equally or proportionately with such payments to holders of Index Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Index Shares to existing holders of the Index Shares 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 of the Index Shares 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 of the Index Shares 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 of the Index

Shares, 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, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date, as the case may be; (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; or (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

- (iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) De-listing, Merger Event, Nationalisation and Insolvency in respect of a Share.

If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Reference Asset 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 fully account 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 exchanges 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(c) only, means any (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (ii) consolidation, amalgamation, merger or binding share exchange of a Reference Asset Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Reference Asset Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Reference Asset Company); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of or an irrevocable commitment to transfer a majority of the voting power of the Reference Asset Company to the offeror, in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date.

“**Nationalisation**” means that all the Shares of a Reference Asset Company or all the assets or substantially all the assets of a Reference Asset 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 Reference Asset Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Reference Asset Company become legally prohibited from transferring them.

(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.

(A) Global Events:

- (1) 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.
- (2) (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.

- (3) 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.
- (4) 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.
- (5) 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) (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 Product Condition 4(d)(A)(5)(c)(I) above and in the case of this Product Condition 4(d)(A)(5)(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 Product Conditions 4(d)(A)(5)(a) through 4(d)(A)(5)(f) above.

- (6) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (7) Any Merger Event occurs or is threatened.
- (8) 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.
- (9) 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.
- (10) (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.
- (11) 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).

(12) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

(B) NAV/Price and Reporting:

(1) 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.

(2) (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.

(3) (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.

(4) 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.

- (5) (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).

(C) Fund Reference Assets:

Any of the following events relating to the Fund Reference Assets occurs:

- (1) 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;
- (2) 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;
- (3) 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;
- (4) 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

(D) Trading and Fees:

- (1) 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).
- (2) 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.

- (3) 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.
- (4) 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.
- (E) Fund Adviser and Fund Service Provider Failures:
 - (1) 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.
 - (2) 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.
 - (3) 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.

(4) 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.

(F) 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 (A) to (E) 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”**):

(A) (1) 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 (2) determine the effective date of the relevant adjustments; or

(B) select a Replacement Fund and a Substitution Date. Following any such selection (1) the Replacement Fund shall replace the affected Fund on the Substitution Date, (2) 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 (3) 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

- (C) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (D) 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 (1) 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 (2) 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 (1) or (2) of this Product Condition 4(e)(D) (as determined by the Issuer or the Calculation Agent on its behalf), (3) 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 (1), (2) or (3), 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 Product Condition 4(e), 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:

- (A) 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.
- (B) 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.
- (C) 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.

(g) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO QUANTO SPREAD OPEN END CERTIFICATES II

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Absolute Notional Position**” means as of the Pricing Date, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, and thereafter, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, with respect to each Calculation Period, an amount expressed in the Settlement Currency determined by the Calculation Agent on each Trading Day, commencing from the first Trading Day in such Calculation Period, in accordance with the following formula:

$$ANP(t) = CV(r-1) \times \left(\frac{S_1(t)}{S_1(r-1)} + \frac{S_2(t)}{S_2(r-1)} \right)$$

Where:

ANP(t) = Absolute Notional Position on Trading Day t;

$S_1(r-1)$ = with respect to the Long Reference Asset, the Reference Asset Price on the immediately preceding Rebalancing Day - 1;

$S_1(t)$ = with respect to the Long Reference Asset, the Reference Asset Price on Trading Day t or, if there has been a Market Disruption Event on such day, the price, level or NAV as applicable, determined as if such Trading Day was a Valuation Date;

$S_2(r-1)$ = with respect to the Short Reference Asset, the Reference Asset Price on the immediately preceding Rebalancing Day - 1;

$S_2(t)$ = with respect to the Short Reference Asset, the Reference Asset Price on Trading Day t or, if there has been a Market Disruption Event on such day, the price, level or NAV as applicable, determined as if such Trading Day was a Valuation Date; and

CV(r-1) = Rebalancing Certificate Value;

“**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 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;

“**Applicable Dividends**” means, where Dividends is specified as being Applicable in the definition of the relevant Series in the applicable Final Terms, (i) in respect of the Long Reference Asset, an amount equal to all cash dividends and/or other cash distributions declared in respect of the Share(s) or Fund which have an ex-dividend date occurring during the current Dividend Period net of applicable withholding taxes at a rate adjusted by application of any relevant double tax treaty and without reference to tax credits, and less Expenses, and (ii) in respect of the Short Reference Asset, an amount equal to all cash dividends and/or other cash distributions declared in respect of the Share(s) or Fund which have an ex-dividend date occurring during the current Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing percentage payable under standard stock borrow agreements, as observed by The Royal Bank of Scotland N.V., and less Expenses;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Calculation Period**” means the period commencing on (but excluding) the Pricing Date to (but excluding) the first Rebalancing Day, and each period commencing on (and including) a Rebalancing Day to (but excluding) the next following Rebalancing Day, the Valuation Date, the Issuer Call Date, Issuer Automatic Call Date or the Stop Loss Termination Date, as the case may be;

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

- (a) Upon Exercise:
(Final Reference Price + Daily Cash Amount) x Entitlement, less Expenses (the “**Exercise Cash Amount**”); or
- (b) Following an Issuer Automatic Call Event:
(Stop Loss Termination Reference Price + Daily Cash Amount) x Entitlement, less Expenses (the “**Issuer Automatic Call Cash Amount**”); or
- (c) Upon an Issuer Call:
(Termination Reference Price + Daily Cash Amount) x Entitlement, less Expenses (the “**Issuer Call Cash Amount**”); or
- (d) Following a Stop Loss Event:
(Stop Loss Termination Reference Price + Daily Cash Amount) x Entitlement, less Expenses (the “**Stop Loss Cash Amount**”),

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Certificate Fee**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, with respect to each Calculation Period, an amount in the Settlement Currency that will be calculated by the Calculation Agent on each Trading Day from the first Trading Day in such Calculation Period in accordance with the following formula:

$$CF(t) = F \times DCF(t-1,t) \times ANP(t-1)$$

Where:

CF(t) = Certificate Fee on Trading Day t;

F = Certificate Fee Level;

DCF(t-1,t) = Day Count Fraction between the immediately preceding Trading Day (t-1) and Trading Day t; and

ANP(t-1) = Absolute Notional Position at the Valuation Time on the immediately preceding Trading Day (t-1);

“**Certificate Fee Level**” means the percentage fee per annum, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Certificate Value**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

$$CV(t) = [RASL(t) + CA(t)] \times CE$$

Where:

CV(t) = Certificate Value on Trading Day t;

RASL(t) = Reference Asset Spread Level on Trading Day t;

CA (t) = Daily Cash Amount on Trading Day t; and

CE = Entitlement;

provided that the Certificate Value shall not be less than zero;

“**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 (together the “**Clearing Agents**”);

“**Commodity**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Daily Cash Amount**” means as of the Pricing Date, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, and thereafter, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, with respect to each Calculation Period, an amount in the Settlement Currency determined by the Calculation Agent on each Trading Day commencing from the first Trading Day in such Calculation Period in accordance with the following formula:

$$CA(t) = CA(t-1) \times (1 + DCF(t-1, t) \times Rate_{t-1}) + RASL(t-1) \times DCF(t-1, t) \times Rate_{t-1} + QMF(t) - MF(t) + D(t)$$

Where:

CA(t) = Daily Cash Amount on Trading Day t;

CA(t-1) = on the first Trading Day in the relevant Calculation Period the Rebalancing Certificate Value and thereafter the Daily Cash Amount on the immediately preceding Trading Day t-1;

- RASL(t-1) = Reference Asset Spread Level at the Valuation Time on the immediately preceding Trading Day t-1;
- DCF(t-1,t) = Day Count Fraction between Trading Day (t-1) and Trading Day t;
- Rate_{t-1}= Rate on immediately preceding Trading Day t-1;
- QMF(t) = Quanto Maintenance Fee of Trading Day t;
- CF(t) = Certificate Fee on Trading Day t; and D(t) = (i) If Dividends are specified as being Applicable, the Dividend Amount on Trading Day t, and otherwise (ii) zero;

The Daily Cash Amount payable in respect of Exercise, Issuer Automatic Call, Issuer Call or a Stop Loss Event shall be calculated on the Valuation Date, Issuer Automatic Call Date, Issuer Call Date or Stop Loss Termination Date, respectively.

“Day Count Fraction” means the day count fraction specified as such in the definition of the relevant Series in the applicable Final Terms;

“Dividend Amount” means, where Dividends are specified as being Applicable in the definition of the relevant Series in the applicable Final Terms, an amount, as determined by the Calculation Agent, equal to the sum of the product for each Reference Asset of (a) the Applicable Dividends converted into the Settlement Currency at the Exchange Rate, and (b) the Weighting for such Reference Asset. This amount may be negative;

“Dividend Period” means a period from (but excluding) a Reset Date to (and including) the earliest of next following Reset Date, Issuer Call Date, Issuer Automatic Call Date, Stop Loss Termination Date and Valuation Date, as the case may be;

“Dividends” are either Applicable or Not Applicable, as specified in the definition of the relevant Series in the applicable Final Terms;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event

of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

“**Entitlement**” means the number specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“**Exchange**” means (i) in respect of an Index, the exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities that comprise the Index (the “**Index Shares**”) to compute the Index or any successor to such exchange or quotation system, and otherwise (ii) in respect of a Commodity, Fund which is an exchange traded fund or a Share, the exchange or quotation system specified as such in the definition of Spread in the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system. “Exchanges” shall be construed accordingly;

“**Exchange Rate**” means, where the Reference Asset Currency is different to the Settlement Currency, the fixed rate of exchange of one unit of the Reference Asset Currency to one unit of the Settlement Currency;

“**Exercise**” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“**Exercise Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to a Stop Loss Event or Issuer Automatic Call Event, the third Business Day preceding a scheduled Valuation Date, as provided in Product Condition 3;

“**Exercise Time**” means 10.00 am (C.E.T.);

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise in respect of such Security;

“**Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level 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;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**Fund**” means each Reference Asset specified as such (including exchange traded funds) in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Fund Administrator**” means, in respect of any 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 a 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 Spread in 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;

“**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 any Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“**Index**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Index Sponsor**” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Quanto Maintenance Fee Level**” means the percentage specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Initial Reference Asset Price**” means, unless otherwise specified in the definition of Spread in the relevant Series in the applicable Final Terms, in respect of each Reference Asset, the Reference Asset Price at the Valuation Time on the Pricing Date, 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;

“**Issuer Automatic Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“Issuer Automatic Call Date” means the Trading Day on which the Issuer Automatic Call Event occurs;

“Issuer Automatic Call Event” occurs if on any Trading Day from and including the Launch Date either (i) the Certificate Value at the Valuation Time (unless a Market Disruption Event or a Fund Event is occurring at such time) is less than the Minimum Certificate Value, or (ii) the Leverage at the Valuation Time (unless a Market Disruption Event or a Fund Event is occurring at such time) is greater than the Maximum Leverage;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“Issuer Call Commencement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 3, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) 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 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 Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset Spread Level and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(e) shall apply and the Issuer Call Date shall be adjusted accordingly;

“Issuer Call Notice Period” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Launch Date” means the date specified as such in the applicable Final Terms;

“**Leverage**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in respect of any Trading Day in accordance with the following formula:

$$L(t) = \frac{ANP(t)}{CV(t)}$$

Where:

L(t) = Leverage on Trading Day t;

ANP(t) = Absolute Notional Position on Trading Day t; and

CV(t) = Certificate Value on Trading Day t;

“**Long Reference Asset**” means the Reference Asset specified as such in the definition of Spread in 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;

“**Maximum Leverage**” means the leverage 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;

“**Minimum Certificate Value**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**NAV**” means net asset value;

“**Payment Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System is open;

“**Portfolio Guidelines**” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“**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 if, in adverse market conditions, in the opinion of the Issuer or the Calculation Agent on its behalf, the circumstances so require;

“**Quanto Maintenance Fee**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, with respect to each Calculation Period, a fee in the Settlement Currency covering the Issuer’s expenses of arranging the Exchange Rate for the Holders and will be calculated on each Trading Day from the first Trading Day in such Calculation Period in accordance with the following formula:

$$QMF(t) = CV(r-1) \times \left(\frac{S_1(t-1)}{S_1(r-1)} \times QMFL_1(t-1) - \frac{S_2(t-1)}{S_2(r-1)} \times QMFL_2(t-1) \right) \times DCF(t-1, t)$$

Where:

QMF(t) = Quanto Maintenance Fee on Trading Day t;

S₁(r-1) = with respect to the Long Reference Asset, the Reference Asset Price on the immediately preceding Rebalancing Day - 1;

S₁(t-1) = with respect to the Long Reference Asset, the Reference Asset Price on the immediately preceding Trading Day t-1 or, if there has been a Market Disruption Event on such day, the price, level or NAV as applicable, determined as if such Trading Day was a Valuation Date;

- $QMFL_1(t-1)$ = with respect to the Long Reference Asset, the Quanto Maintenance Fee Level on the immediately preceding Trading Day t-1;
- $S_2(r-1)$ = with respect to the Short Reference Asset, the Reference Asset Price on the immediately preceding Rebalancing Day - 1;
- $S_2(t-1)$ = with respect to the Short Reference Asset, the Reference Asset Price on the immediately preceding Trading Day t-1 or, if there has been a Market Disruption Event on such day, the price, level or NAV as applicable, determined as if such Trading Day was a Valuation Date;
- $QMFL_2(t-1)$ = with respect to the Short Reference Asset, the Quanto Maintenance Fee Level on the immediately preceding Trading Day t-1;
- $DCF(t-1,t)$ = Day Count Fraction between the immediately preceding Trading Day t-1 and Trading Day t; and
- $CV(r-1)$ = Rebalancing Certificate Value.

If the Issuer realises a profit when arranging the Exchange Rate, the Quanto Maintenance Fee can be negative;

“Quanto Maintenance Fee Level” means, in respect of each Reference Asset, the Initial Quanto Maintenance Fee Level on the Pricing Date and thereafter the relevant Quanto Maintenance Fee Level as determined by the Calculation Agent having regard to the prevailing market conditions, the correlation between the Reference Asset and the prevailing rate of exchange between the Reference Asset Currency and the Settlement Currency, interest rates of such currencies and such other factors as the Calculation Agent deems relevant in determining the expenses for arranging the Exchange Rate. The Quanto Maintenance Fee Level may be reset on a daily basis and may be negative;

“Rate” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the prevailing rate for deposits in the Settlement Currency with a designated maturity of either one month or overnight (designated maturity selected by the Calculation Agent at its sole discretion), as determined by the Calculation Agent for each Day Count Fraction;

“Rebalancing Day” means the 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;

“Rebalancing Day - 1” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the first Rebalancing Day -1 shall be the Pricing Date

and thereafter the Trading Day immediately preceding the relevant Rebalancing 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 in which case, the Rebalancing Day -1 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 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 Rebalancing Day -1. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Rebalancing Day -1 (regardless of the Market Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Reference Asset Price or any other relevant price or value having regard to the then prevailing market conditions, the last reported Reference Asset Price and such other factors as the Issuer or the Calculation Agent on its behalf deems 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 Rebalancing Day -1 shall be adjusted accordingly;

“Rebalancing Certificate Value” means the Certificate Value at the Valuation Time on the immediately preceding Rebalancing Day -1;

“Rebalancing Reference Price” means an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level at the Valuation Time on Rebalancing Day - 1 as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

“Reference Asset” means each of the Long Reference Asset and Short Reference Asset as specified in the definition of Spread in the relevant Series in the applicable Final Terms (and together the **“Reference Assets”**), subject to adjustment in accordance with Product Condition 4;

“Reference Asset Company” means, in respect of each Share, the company specified as such in the definition of Spread in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Reference Asset Currency” means, in respect of each Reference Asset, the currency specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Reference Asset Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) in respect of an Index, the current level of such Index, (ii) in respect of a Share, a Fund which is an exchange traded fund or Commodity, the current price of such Share, Fund Reference Asset or Commodity, as the case may be, quoted on the Exchange, (iii) in respect of a Fund, the NAV of the Fund as quoted by the fund manager and in relation to all of (i), (ii) and (iii) 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, level or NAV can be determined and no Market Disruption Event or Fund Event has occurred and is continuing) a price, level or NAV determined by the Calculation Agent as its estimate of the current price, level or NAV of the Reference Asset having regard to the then prevailing market conditions, the last reported trading price or NAV as applicable of (i) in respect of an Index, the Index Shares, (ii) in respect of a Fund which is an exchange traded fund, the Fund Reference Asset on the Exchange and otherwise (iii) the Reference Asset on the Exchange, if applicable, and such other factors as the Issuer or the Calculation Agent on its behalf determines relevant;

“**Reference Asset Spread Level**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, which may be a negative amount, expressed in the Settlement Currency and determined by the Spread Index Agent on any Trading Day equal to:

$$RASL(t) = CV(r-1) \times \left(\frac{S_1(t)}{S_1(r-1)} - \frac{S_2(t)}{S_2(r-1)} \right)$$

Where:

RASL(t) = Reference Asset Spread Level on Trading Day t;

$S_1(r-1)$ = with respect to the Long Reference Asset, the Reference Asset Price on the immediately preceding Rebalancing Day -1;

$S_1(t)$ = with respect to the Long Reference Asset, the Reference Asset Price on Trading Day t or, if there has been a Market Disruption Event on such day, the price, level or NAV as applicable, determined as if such Trading Day was a Valuation Date;

$S_2(r-1)$ = with respect to the Short Reference Asset, the Reference Asset Price, on the immediately preceding Rebalancing Day -1;

$S_2(t)$ = with respect to the Short Reference Asset, the Reference Asset Price on Trading Day t or, if there has been a Market Disruption Event on

such day, the price, level or NAV as applicable, determined as if such Trading Day was a Valuation Date; and

CV(r-1) = Rebalancing Certificate Value;

“**Related Exchange**” means in respect of the Reference Assets, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded and “**Related Exchanges**” shall be construed accordingly;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the 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 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 Product Condition 4(e)(B). 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;

“**Reset Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Launch Date and thereafter each Business Day, at the determination of the Calculation Agent;

“**Securities**” means the quanto spread open end certificates II relating to the Reference Assets and each a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the fifth Business Day following (i) the Valuation Date, (ii) the last day of the Stop Loss Termination Valuation Period, or (iii) the Issuer Call Date, as the case may be;

“**Share**” means each Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Short Reference Asset**” means the Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms;

“**Spread**” means the spread specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Spread Index Agent**” means the agent specified as such in the definition of the relevant Series in the applicable Final Terms, and references to Spread Index Agent shall include any successor spread index agent;

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Stop Loss Event**” occurs, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if the Reference Asset Spread Level is at the Valuation Time on any Trading Day from and including the Launch Date, other than a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event or a Fund Event, less than the Stop Loss Price;

“**Stop Loss Price**” means the amount specified as such, or determined in accordance with the formula specified in the definition of the relevant Series in the applicable Final Terms;

“**Stop Loss Termination Date**” means the Trading Day on which the Stop Loss Event occurs;

“Stop Loss Termination Reference Price” means, subject to any adjustment in accordance with Product Condition 4, an amount in the Settlement Currency, as determined by the Calculation Agent in its sole and absolute discretion to be the fair value price for the Reference Asset Spread Level as determined by the Calculation Agent by reference to the unwinding of the hedging position on a best effort basis during the Stop Loss Termination Valuation Period. The Stop Loss Termination Reference Price will be equal to at least the lowest Reference Asset Spread Level during the Stop Loss Termination Valuation Period;

“Stop Loss Termination Valuation Period” means (a) following an Issuer Automatic Call Event, the Issuer Automatic Call Date or if the Automatic Call Event occurs at the Valuation Time, the following Trading Day, or (b) following a Stop Loss Event, the Stop Loss Termination Date or if the Stop Loss Event occurs at the Valuation Time, the following Trading Day;

“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;

“Termination Reference Price” means an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the Reference Asset Spread Level at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction;

“Trading Day” means (i) in respect of an Index, any day on which the Index Sponsor should calculate and publish the closing level of the index according to its rules, or (ii) in respect of a Share, Fund that is an exchange traded fund or Commodity, any day that is (or, but for the occurrence of a Market Disruption Event or a Fund Event, as applicable, 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, or (iii) in respect of a Fund, any day on which dealing in the Fund can take place;

“Valuation Date” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the last Trading Day of March in each year, commencing at least one year after the Issue Date 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 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 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 Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset Spread Level 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, unless otherwise specified in the definition of the relevant Series, (i) in respect of an Index, the time with reference to which the Index Sponsor calculates and publishes the closing level of the Index, or (ii) in respect of a Share or Commodity, the close of trading on the Exchange, or (iii) in respect of a Fund (other than those Funds which are exchange traded funds), the time with reference to which the fund manager publishes the net asset value, or (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 in relation to (i) (ii), (iii) or (iv) such other time as the Issuer or the Calculation Agent on its behalf may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“Weighting” means, in respect of each Reference Asset and each Calculation Period, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the weighting of the Reference Asset specified as such in the definition of Spread in the relevant Series in the applicable Final Terms or, if weighting is not specified as such an amount determined by the Calculation Agent at the Valuation Time on the relevant Rebalancing Day in accordance with the following formula:

- (a) in respect of the Long Reference Asset:

$((\text{Rebalancing Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}) / (\text{Rebalancing Reference Price converted into the Settlement Currency at the Exchange Rate});$

and

- (b) in respect of the Short Reference Asset:

$((\text{Rebalancing Reference Price} + \text{Daily Cash Amount}) \times \text{Entitlement}) / (\text{Rebalancing Reference Price converted into the Settlement Currency at the Exchange Rate}),$

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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “Holder” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities

(the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. Provided no Stop Loss Event or Issuer Automatic Call Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following a Stop Loss Event, the Securities will terminate automatically in whole but not in part and the Issuer will give notice to the Holders in accordance with General Condition 4. A Stop Loss Event will override an Issuer Call, Issuer Automatic Call and/or due Exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date, Issuer Automatic Call Date or Valuation Date, as the case may be.

- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise, an Issuer Automatic Call or a Stop Loss Event, the Securities, in whole but not in part on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Issuer Automatic Call. Following an Issuer Automatic Call Event, the Securities will terminate automatically in whole but not in part and the Issuer will give notice to the Holders in accordance with General Condition 4. An Issuer Automatic Call Event will override an Issuer Call, and/or due Exercise if the Issuer Automatic Call Event occurs prior to an Issuer Call Date or Valuation Date as the case may be.
- (e) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call or following a Stop Loss Event or Issuer Automatic Call Event and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive from the Issuer on the Settlement Date either:
 - (i) The Exercise Cash Amount, following a valid Exercise; or
 - (ii) The Issuer Call Cash Amount, following a valid Issuer Call; or
 - (iii) The Issuer Automatic Call Cash Amount, following Issuer Automatic Call; or
 - (iv) The Stop Loss Cash Amount, following a Stop Loss 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 the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (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 any Cash 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 Reference Assets.
- (h) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent

or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
- (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
- (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of

the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (i) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
- (j) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (k) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to

any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (l) **Delivery of a Notice.** Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (m) **Exercise and Settlement Risk.** Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.
- (n) **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.
- (o) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) **Market Disruption.** The 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 respect of a Share, “**Market Disruption Event**” means:

- (i) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Reference Assets on the Exchange or any other exchange on which the Reference Assets are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Reference Assets 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.

In respect of an Index, “**Market Disruption Event**” means:

- (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
- (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

In respect of a Commodity, “**Market Disruption Event**” means:

- (i) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (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 Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
- (v) Material Change in Content. The occurrence, since the Launch 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 Valuation Date, Issuer Call Date, Issuer Automatic Call Date, or Stop Loss Termination Date, and/or on each of the three Trading Days following such date or Issuer Call Date and/or any other relevant date following the occurrence of a Stop Loss Event or Issuer Automatic Call Event 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 to it 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 any Related Exchange is located; or
 - (x) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.
- (b) Adjustment Events.

In respect of a Share:

Following a declaration by a Reference Asset Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, will:

- (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holders in accordance with General Condition 4, stating the adjustment to be made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following: (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Asset Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iii) an extraordinary dividend; (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (v) a call by the Reference Asset Company in respect of relevant Shares that are not fully paid; (vi) a repurchase by the Reference Asset Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

“Merger Event”, in this Product Condition 4(b) only, means any (i) reclassification or change to the Shares of a Reference Asset Company that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares of such Reference Asset Company; (ii) consolidation, amalgamation or merger or binding share exchange of a Reference Asset Company with or into another entity (other than a consolidation, amalgamation or merger or binding share exchange in which such Reference Asset Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Reference Asset

Company); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent of the outstanding of a Reference Asset Company that results in a transfer of or an irrevocable commitment to transfer a majority of the voting power of the Shares of a Reference Asset Company to the offeror (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date.

In respect of an Index:

- (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 any day 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 any day 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 Reference Asset Price using, in lieu of a published level for the Index on such day, 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 Index 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 Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the Index Shares of: (aa) Index Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Index Shares equally or proportionately with such payments to holders of Index Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Index Shares to existing holders of the Index Shares 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 of the Index Shares 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 of the Index Shares 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 of the Index Shares, 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, Issuer Call Date, Issuer Automatic Call Date, or Stop Loss Termination Date, as the case may be; (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; or (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.
- (iv) The Issuer reserves the right to make adjustments or to distribute to the Holders any rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the

Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should, in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

- (c) De-listing, Merger Event, Nationalisation and Insolvency in respect of a Share. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Reference Asset 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 fully account 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 exchanges 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 local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event”, in this Product Condition 4(c) only, means any (i) reclassification or change to the Shares of a Reference Asset Company that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares of such Reference Asset Company; (ii) consolidation, amalgamation or merger or binding share exchange of a Reference Asset Company with or into another entity (other than a consolidation, amalgamation or merger or binding share exchange in which such

Reference Asset Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Reference Asset Company); or (iii) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent of the outstanding of a Reference Asset Company that results in a transfer of or an irrevocable commitment to transfer a majority of the voting power of the Shares of a Reference Asset Company to the offeror (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date, Issuer Call Date, Issuer Automatic Call Date or Stop Loss Termination Date.

“**Nationalisation**” means that all the Shares of a Reference Asset Company or all the assets or substantially all the assets of a Reference Asset 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 Reference Asset Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Reference Asset Company become legally prohibited from transferring them.

(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.

(A) Global Events:

- (1) 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.

- (2) (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.
- (3) 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.

- (4) 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.
- (5) 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) (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 Product Condition 4(d)(A)(5)(c)(I) above and in the case of this Product Condition 4(d)(A)(5)(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 Product Conditions 4(d)(A)(5)(a) through 4(d)(A)(5)(f) above.

- (6) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (7) Any Merger Event occurs or is threatened.
- (8) 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.

- (9) 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.
 - (10) (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.
 - (11) 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).
 - (12) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (B) NAV/Price and Reporting:
- (1) 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.

- (2) (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.
- (3) (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.
- (4) 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.
- (5) (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).

(C) Fund Reference Assets:

Any of the following events relating to the Fund Reference Assets occurs:

- (1) 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;
- (2) 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;
- (3) 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;
 - (4) 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
- (D) Trading and Fees:
- (1) 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).
 - (2) 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.
 - (3) 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.

(4) 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.

(E) Fund Adviser and Fund Service Provider Failures:

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(F) 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 (A) to (E) 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”**):

(A) (1) 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 (2) determine the effective date of the relevant adjustments; or

(B) select a Replacement Fund and a Substitution Date. Following any such selection (1) the Replacement Fund shall replace the affected Fund on the Substitution Date, (2) 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 (3) 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

(C) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or

(D) 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 (1) 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 (2) 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 (1) or (2) of this Product Condition 4(e)(D) (as determined by the Issuer or the Calculation Agent on its behalf), (3) 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 (1), (2) or (3), 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 Product Condition 4(e), 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:

- (A) 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.

- (B) 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.
- (C) 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.

- (g) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as

soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS OPEN END
CERTIFICATES II

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Business Day**” means 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 following formula, less Expenses:

$$\text{Final Reference Price} \times \text{Rollover Ratio} \times \text{Entitlement}$$

provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “Clearing Agent” and together the “Clearing Agents”);

“**Entitlement**” means the entitlement specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“**Exchange**” means 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 Rate**” means, the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“**Exercise**” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“**Exercise Date**” means the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

“**Exercise Time**” means 10.00 am Central European 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 due following exercise or otherwise in respect of such Security;

“**Final Reference Price**” means an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the closing Reference Asset Price 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 without regard to any subsequently published correction or (if, in the determination of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the closing Reference Asset Price on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price and such other factors as the Calculation Agent determines relevant;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 it may specify from time to time;

“**Issuer Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Call Commencement Date**” means the first Business Day following the period from and including the Issue Date;

“Issuer Call Date” means the day 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 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 five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (i) the fifth Trading Day shall be deemed to be the Issuer Call 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 Reference Asset and such other factors as the Calculation Agent determines to be relevant;

“Market Disruption Event” means each event specified as such in Product Condition 4;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System is open;

“Reference Asset” means the Reference Asset as of the Issue Date specified as such in the definition of the relevant Series, and thereafter the Issuer shall, during trading hours on the Rollover Date, effect substitution of a financially equivalent reference asset with a three month or one month expiry (the **“Substitute Asset”**) selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

“Reference Asset Price” means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future’s point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series in the applicable Final Terms, and if no such page reference exists, such other page reference as the Calculation Agent determines. In circumstances where the Calculation Agent determines that no such price can be determined and no Market Disruption Event has occurred and is continuing, the Reference Asset Price shall be an amount determined by the Calculation Agent as its good faith estimate of the price of the Reference Asset on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price and such other factors as the Calculation Agent determines relevant;

“Rollover Date” means a date, being a Trading Day, as selected by the Issuer within the last ten Trading Days prior to the last Trading Day of the Reference Asset;

“**Rollover Period**” means each period from and including a Rollover Date to but excluding the next following Rollover Date;

“**Rollover Ratio**” means, for each Rollover Period, a ratio as determined by the Calculation Agent in accordance with the following formula:

$$[(A - B) / (C + D)] \times E$$

where A is: Reference Asset Price;

where B is: Transaction Charge x Reference Asset Price;

where C is: Substitute Asset Price;

where D is: Transaction Charge x Substitute Asset Price;

where E is: The immediately preceding Rollover Ratio;

“**Related Exchange**” means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

“**Securities**” means the open end certificates relating to the Reference Asset and specified in the applicable Final Terms and each such certificate a “Security”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities specified as such in the definition of the relevant 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 fifth Business Day following the relevant Valuation Date or the Issuer Call Date, as the case may be;

“**Substitute Asset Price**” means the Reference Asset Price of the reference asset future which will be the Substitute Asset at the next following Rollover Date;

“**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;

“**Transaction Charge**” means a percentage rate as determined by the Calculation Agent. The Calculation Agent may adjust the Transaction Charge on each Rollover Date, but in any event the Transaction Charge will not exceed 0.10%. The Transaction Charge on the Issue Date is 0.05%;

“**Underlying Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means the last Trading Day of March in each year, commencing from (and including) March 2007, 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 five 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 fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the closing time of the relevant Exchange, 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 the Clearing Agent or the depositary for one or more Clearing Agents and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “Holder” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be

registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference

to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate, subject to a valid Exercise, the Securities, in whole but not in part on any Business Day, by giving Holders at least one calendar year's 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.
- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a "Notice") to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (1) specify the number of Securities to which it relates;
- (2) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (3) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;

- (4) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
 - (5) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
 - (6) 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
 - (7) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (g) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.

- (h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (i) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of

the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (l) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “**Market Disruption Event**” means:

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Reference Asset (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or
- (d) Material Change in 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 Reference Asset; or
- (e) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Reference Asset; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or
- (g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Reference Asset on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
- (h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market;
- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located; or
- (j) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent 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.

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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS OPEN END
QUANTO CERTIFICATES II

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Business Day**” means 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 following formula, less Expenses:

(a) on the Launch Date, 0; and

(b) thereafter:

$$CA_{t-1} * (1 + DCF_{t-1,t} * Rate_{t-1}) + FQMF_t + CF_t$$

where

CA_t = Cash Amount on previous Trading Day t

$DCF_{t-1,t}$ = Day Count Fraction between Trading Day (t-1) and Trading Day t

$Rate_{t-1}$ = Rate on the immediately preceding Trading Day(t-1)

$FQMF_t$ = Futures Quanto Maintenance Fee on Trading Day t

CF_t = Certificate Fee on Trading Day t

The Cash Amount can be negative.

“**Certificate Fee**” means an amount that will accrue on a daily basis in accordance with the following formula:

$$Fee * RR_{t-1} * CLU_{t-1} * DCF_{t-1,t}$$

Fee = 1%

RR_{t-1} = Rollover Ratio on previous Trading Day

CLU_{t-1} = The Reference Asset Price on the previous Trading Day

$DCF_{t-1,t}$ = Day Count Fraction between t and (t-1) Trading Day

“**Certificate Value**” means an amount determined by the Calculation Agent in accordance with the following formula:

$$[CLU_t * RR_t - CA_t] * CE$$

where

CLU_t = The Price of the Reference Asset on Trading Day t

CA_t = Cash Amount on Trading Day t

RR_t = Rollover Ratio on Trading Day t

CE = Certificate Entitlement

“**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**”);

“**Day Count Fraction**” means the number of calendar days between (and excluding) the immediately preceding Trading Day to (and including) the relevant Trading Day, divided by 360;

“**Entitlement**” means the entitlement specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“**Exchange**” means 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 Rate**” means the fixed rate of exchange between the Underlying Currency and the Settlement Currency, being one unit of the Underlying Currency for one unit of the Settlement Currency;

“**Exercise**” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“**Exercise Date**” means the third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3;

“**Exercise Time**” means 5.00pm Central European 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 due following exercise or otherwise in respect of such Security;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**Futures Quanto Maintenance Fee**” means such fee deemed relevant by the Calculation Agent in determining the costs associated with hedging the Issuer’s obligations in respect of the Certificates. The Futures Quanto Maintenance Fee which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate and will accrue on a daily basis and be calculated by the Calculation Agent on each Trading Day in accordance with the following formula:

$$FQMFL_{t-1} * RR_{t-1} * CLU_{t-1} * DCF_{t-1,t}$$

where

$FQMFL_{t-1}$ = Futures Quanto Maintenance Fee Level on previous Trading Day

RR_{t-1} = Rollover Ratio on previous Trading Day

CLU_{t-1} = The Reference Asset Price on the previous Trading Day

$DCF_{t-1,t}$ = Day Count Fraction between (t-1) and t Trading Days;

In case the Issuer realises a profit when arranging the Exchange Rate, the Futures Quanto Maintenance Fee Level can be negative.

“**Futures Quanto Maintenance Fee Level**” means with respect to the Launch Date, the Initial Futures Quanto Maintenance Fee Level and thereafter, the relevant Futures Quanto Maintenance Fee Level as determined by the Calculation Agent. The Calculation Agent may, on a daily basis, reset the Futures Quanto Maintenance Fee Level in its sole discretion having regard to prevailing market conditions and such other factors as the Calculation Agent deems relevant in determining the costs associated with hedging its obligations in respect of the Certificates. The Futures Quanto Maintenance Fee Level may include a rebate based on the Underlying Rate_{t-1}. The Futures Quanto Maintenance Fee Level may be reset on a daily basis and can be negative;

“**Initial Futures Quanto Maintenance Fee Level**” means the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the 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 it may specify from time to time;

“**Issuer Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Call Commencement Date**” means the first Business Day following the one year period from and including the Issue Date;

“**Issuer Call Amount**” means an amount equal to the Certificate Value at the Valuation Time on the Issuer Call Commencement Date.

“**Issuer Call Date**” means the day 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 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 five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (i) the fifth Trading Day shall be deemed to be the Issuer Call 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 Reference Asset and such other factors as the Calculation Agent determines to be relevant;

“**Launch Date**” means the date 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;

“**Payment Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System is open;

“**Rate**” means the prevailing rate for EUR deposits with a designated maturity of either one month or overnight (designated maturity selected by the Calculation Agent at its sole discretion), as determined by the Calculation Agent for each Day Count Fraction.

“**Reference Asset**” means the Reference Asset as of the Launch Date specified as such in the definition of the relevant Series, and thereafter the Issuer shall, during trading hours on the Rollover Date, effect substitution of a financially equivalent reference asset (the “**Substitute Asset**”) selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

“**Reference Asset Price**” means the current price of the Reference Asset. For the avoidance of any doubt, this shall not be the futures contract value but the futures contract value divided by the applicable contract factor (the value of 1.0 future’s point) specified on the applicable Bloomberg page referred to in the definition of the relevant Series in the applicable Final Terms, and if no such page reference exists, such other page reference as the Calculation Agent determines. In circumstances where the Calculation Agent determines that no such price can be determined and no Market Disruption Event has occurred and is continuing, the Reference Asset Price shall be an amount determined by the Calculation Agent as its good faith estimate of the price of the Reference Asset on such date having regard to the then prevailing market conditions, the last reported Reference Asset Price and such other factors as the Calculation Agent determines relevant;

“**Rollover Date**” means a date, being a Trading Day, as selected by the Issuer within the period of ten Trading Days preceding when the first date upon which notice to deliver the Reference Asset may be given in accordance with the relevant terms and conditions of that Reference Asset;

“**Rollover Time**” means in the course of the usual trading hours on the Exchange on the Rollover Date (currently 11.02 a.m. to 8.30 p.m. Amsterdam Time);

“**Rollover Ratio**” means, for each Rollover Period, a ratio as determined by the Calculation Agent at the Rollover Time in accordance with the following formula:

$$RR_t = \frac{RF_{t-1} - TC_t}{RF_t + TC_t} * RR_{t-1}$$

where

RR_t = Rollover Ratio on Trading Day t

RF_{t-1} = Reference Asset prior to the Rollover Time on the Rolling Date

RF_t = Reference Asset after the Rollover Time on the Rolling Date (next 3 monthly or monthly future)

TC = Transaction Charge

$RR_0 = 1$

“**Related Exchange**” means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

“**Securities**” means the open end certificates relating to the Reference Asset and specified in the applicable Final Terms and each such certificate a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities specified as such in the definition of the relevant 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 fifth Business Day following the relevant Valuation Date or the Issuer Call Date, as the case may be;

“**Substitute Asset Price**” means the Reference Asset Price of the reference asset future which will be the Substitute Asset at the next following Rollover Date;

“**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 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;

“**Transaction Charge**” means a percentage rate as determined by the Calculation Agent. The Calculation Agent may adjust the Transaction Charge on each Rollover Date, but in any event the Transaction Charge will not exceed 0.10%. The Transaction Charge on the Launch Date is 0.05%;

“**Underlying Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Underlying Rate**” means the prevailing rate for deposits in the Underlying Currency with a designated maturity of either one month or overnight (designated maturity selected by the Calculation Agent at its sole discretion), as determined by the Calculation Agent for each Day Count Fraction;

“**Valuation Date**” means the last Trading Day of March in each year, commencing at least one calendar year after the Issue Date, unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding 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 five 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 fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing

market conditions, the last reported trading price of the Reference Asset and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means the closing time of the relevant Exchange, 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 the 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered

securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. The Securities are exercisable by delivery of a Notice prior to the Exercise Time on the Exercise Date.
- (b) Issuer Call. The Issuer may terminate, subject to a valid Exercise, the Securities, in whole but not in part on any Business Day, by giving Holders at least three months 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.

- (c) Cash Settlement. Each Security upon due Exercise or termination pursuant to an Issuer Call, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Certificate Value.
- (d) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Certificate Value.
- (f) Notice. All payments shall be subject to the delivery of a duly completed notice (a “Notice”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (1) specify the number of Securities to which it relates;
- (2) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (3) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;
- (4) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Certificate Value (if any) for such Securities;
- (5) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;

- (6) 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
- (7) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (g) **Verification.** In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.
- (h) **Settlement.** The Issuer shall pay or cause to be paid the Certificate Value (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (i) **Determinations.** Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be

conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (l) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where any amount paid in connection with the Securities is in euro, payment of such amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

Market Disruption. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred. A “**Market Disruption Event**” means:

- (a) Price Source Disruption. The failure by the Exchange to announce or publish the price for the Reference Asset (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (b) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (c) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Reference Asset on the Exchange; or

- (d) Material Change in Formula. The occurrence, since the Launch Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Reference Asset; or
- (e) Material Change in Content. The occurrence, since the Launch Date, of a material change in the content, composition of the Reference Asset; or
- (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Reference Asset is such that the Issuer declares that its ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or, a material reduction in, trading in the Reference Asset on the Exchange; or
- (g) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Launch Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Reference Asset on the Valuation Date or Issuer Call Date and/or on each of the three Trading Days following the Valuation Date or Issuer Call Date, as the case may be, from what it would have been without that imposition, change or removal; or
- (h) Trading Limitation. The material limitation imposed on trading in the Reference Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or
- (i) Moratorium. A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located; or
- (j) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities.

The Calculation Agent 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.

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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO ROLLING COVERED CALL OPEN END CERTIFICATES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Affected Index**” means an Index that is affected by a Market Disruption Event;

“**Basket**” means the basket 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;

“**Call Options Exchange**” means, in relation to each Index, the options exchange with the highest turnover in Index options which as of the Issue Date is specified as such in the definition of the Basket;

“**Cash Amount**” means, unless otherwise specified as such in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

$$\text{Final Reference Price} \times \text{Entitlement}$$

provided that the Cash Amount shall not be less than zero. If applicable, the Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Certificate Value” means the value of the certificate as detailed 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”**);

“Coupon” means in respect of each Security, if **“Coupon”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the amount specified as such or to be calculated in accordance with the provisions set out in the definition of the relevant Series in the applicable Final Terms, to be paid on the Coupon Payment Dates, subject to adjustment in accordance with Product Condition 4. The Coupon will be deducted from the Certificate Value on the Coupon Observation Date immediately following the Coupon Observation Time without undue delay;

“Coupon Observation Dates” means, if **“Coupon”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the applicable Final Terms;

“Coupon Observation Time” means, if **“Coupon”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the time or times specified as such in the applicable Final Terms;

“Coupon Payment Dates” means, if **“Coupon”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the applicable Final Terms;

“Current Rolling Option” means the option specified as such in the definition of the relevant Series in the applicable Final Terms;

“Dividend Period” means in relation to each Index, the period from (but excluding) a Trading Day to (and including) the next Rolling Date;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or

- (iii) Governmental Default. With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or

- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

“Entitlement” means the entitlement specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4;

“Ex Coupon Date” means, if “Coupon” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the applicable Final Terms;

“Exchange” means:

- (a) 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 Index or any successor to such exchange or quotation system; and
- (b) in respect of the Strategy, the exchange or quotation system from which the Calculation Agent takes the prices or level of the Strategy Components that comprise the Strategy to compute the Strategy or any successor to such exchange or quotation system;

“Exchange Rate” means, if applicable, the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“Exercise” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“Exercise Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Exercise Time” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“Expected Dividends” means with respect to each Index an amount equal to the net present value of regular dividends (whether stock or cash) excluding extraordinary dividends and capital adjustments (as determined by the relevant Index Sponsor). The amount will be determined by the Calculation Agent in its sole discretion in respect of the Strategy or shares in each Index, net of applicable withholding taxes and without reference to tax credits. The dividends included will be those whose ex-dividend date falls in a Dividend Period;

“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 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 Certificate Value at the Valuation Time on the Valuation Date or, if applicable, 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 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 Certificate Value on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares, the prices or level of the Strategy Components that comprise the Strategy and such other factors as the Calculation Agent determines relevant;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Governmental Authority” is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

“Index” means each index specified as such in the definition of the Basket in the applicable Final Terms, subject to Product Condition 4;

“Index Currency” means, in relation to each Index in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“Index Exchange Rate” means, in relation to each Index and where applicable, the rate of exchange between the relevant Index 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 reasonably determine to be appropriate at such time;

“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;

“Interim Settlement Amount” means in respect of each Security, if “Interim Settlement” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified as such in the definition of the relevant Series in the applicable Final Terms, to be paid on the Interim Settlement Amount Payment Dates, subject to adjustment in accordance with Product Condition 4. The Interim Settlement Amount will be deducted from the Certificate Value on the Interim Settlement Observation Date immediately following the Valuation Time without undue delay;

“Interim Settlement Amount Payment Dates” means, if “Interim Settlement” 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;

“Interim Settlement Observation Dates” means, if “Interim Settlement” 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, 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 it may specify from time to time;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, termination of the Securities by the Issuer in accordance with Product Condition 3;

“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, the day 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 Calculation Agent, a Market Disruption Event has occurred on that day with respect to an Affected Index in which case, the Issuer Call Date with respect to such Affected Index 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 (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 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 applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Launch Date” means the date specified as such in the 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 as such in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System is open;

“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 the relevant Series in the applicable Final Terms;

“**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;

“**Rolling Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Rolling Time**” means the time specified as such in the definition of the relevant Series as more particularly described in the applicable Final Terms;

“**Securities**” means each Series of rolling covered call open end certificates specified in the applicable Final Terms relating to the Strategy and each 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;

“**Strategy**” means the strategy calculated by the Calculation Agent and as specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Strategy Components**” means the components that make up the Strategy specified as such and described in the definition of the relevant Series in the applicable Final Terms;

“**Strategy Value**” means the value of the Strategy as detailed in the definition of the relevant Series in the applicable Final Terms;

“**Trading Day**” means any day on which the relevant Index Sponsor should calculate and publish the closing level of the relevant 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 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 with respect to an Affected Index in which case, the Valuation Date with respect to such Affected Index shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

“**Valuation Time**” means with respect to each Index, 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; and

“**Weight**” means for each Index, the percentage specified as such in the definition of the Basket or Re-weighting, if applicable in the applicable Final Terms and 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) **Dematerialised Form.** Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered

on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the

“**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Exercise. Notwithstanding notice of an Issuer Call if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on an Exercise 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 terminate, subject to a valid Exercise, the Securities, in whole but not in part on any Business Day, by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Interim Settlement. If “Interim Settlement” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall pay an amount equal to the Interim Settlement Amount on each Interim Settlement Amount Payment Date. This is subject to the Certificate Value at the Valuation Time

on each Interim Settlement Amount Observation Date being greater than the Interim Settlement Amount.

- (d) **Coupon.** If “Coupon” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall pay an amount equal to the Coupon on each Coupon Payment Date.
- (e) **Cash Settlement.** Each Security upon due Exercise, termination pursuant to an Issuer Call, if applicable, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date the Cash Amount, following a valid Exercise or, if applicable, a valid Issuer Call.
- (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 the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (g) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount, Interim Settlement Amount, if applicable, or Coupon, if applicable.
- (h) **Notice.** All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;

- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
 - (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
 - (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “**U.S. person**” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (i) Verification. In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.

- (j) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (k) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (l) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (m) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of

the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (n) **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.
- (o) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

This Product Condition 4 relates to each Index.

- (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) In respect of the Index, (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 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.

(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.

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.
- (i) If the Index is: (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (ii) If: (A) on or prior to the Valuation Date 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 Price 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 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 (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 so to account for: (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 of the Shares 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 of the Shares 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 of the Shares 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 of the Shares, 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 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.

- (c) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO ROLLING MINI SHORT OPEN END CERTIFICATES ON AN INDEX

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland 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;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Calculation Period**” means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

“**Cash Amount**” means 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, provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate if an Exchange Rate is specified and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (together the “**Clearing Agents**”);

“**Current Financing Level**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4, in relation to a Re-Financing Event or a Stop Loss Event, as the case

may be, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

$$[1 + (1 / \text{Target Leverage Factor})] \times \text{Re-Financing Reference Price}$$

The Funding Cost will be added to the Current Financing Level prior to the opening of trading on the Exchange on each Trading Day.

On the Issue Date the Current Financing Level shall be the Initial Current Financing Level;

“**Current Leverage Factor**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of any Trading Day, a number determined by the Calculation Agent at the Valuation Time in accordance with the following formula:

$$\text{Reference Price} / (\text{Current Financing Level} - \text{Reference Price})$$

On the Issue Date the Current Leverage Factor shall be the Target Leverage Factor;

“**Current Participation Factor**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in relation to a Re-Financing Event or Stop Loss Event, as the case may be, and subject to adjustment in accordance with Product Condition 4, a number calculated in accordance with the following formula:

$$\text{Target Leverage Factor} \times \text{Security Value} / \text{Re-Financing Reference Price}$$

For the avoidance of any doubt, where the Current Participation Factor is being adjusted following an Interim Settlement Event, the Security Value in the above mentioned formula shall be the Security Value following the deduction of the Interim Settlement Amount.

On the Issue Date the Current Participation Factor shall be the Initial Current Participation Factor;

“**Current Spread**” means a per annum percentage rate as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market conditions and such other factors as the Calculation Agent determines to be relevant. The Calculation Agent may adjust the Current Spread on each Reset Date, but in any event, the Current Spread will not exceed the “**Maximum Spread**” (as specified in the definition of the relevant Series in the applicable Final Terms) per annum. The Current Spread on the Issue Date is the spread 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 each 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;

“**Exchange Rate**” means, where the Financing Level Currency is different to the Settlement Currency, the rate of exchange between the Financing Level Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“**Execution Level**” means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Calculation Agent in its sole and absolute discretion during the Execution Valuation Period, equal to the fair value level of the Index, based on the levels of the Index during the Execution Valuation Period;

“**Execution Valuation Period**” means a reasonable period immediately following the Re-Financing Event, Stop Loss Event or Knock Out Event, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by liquidity in the underlying market and shall not be greater than, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 3 hours (the “**Maximum Execution Valuation Period**”) (but excluding for this purpose any period during which a Market Disruption Event is continuing). Following a Re-Financing Event or if a Stop Loss

Event or Knock Out Event, as the case may be, occurs less than the Maximum Execution Valuation Period prior to the official close of trading on the Exchange or the Related Exchange (excluding for this purpose any period during which a Market Disruption Event is continuing), such period shall continue to such number of sequential next following Trading Days as shall be necessary for the total number of such hours to be not more than the Maximum Execution Valuation Period as determined by the Calculation Agent in its sole and absolute discretion;

“**Exercise**” means a Holder’s right to exercise the Securities, in accordance with Product Condition 3;

“**Exercise Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Exercise Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Expenses**” means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Security and/or (b) any payment 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 Reference Price on the Valuation Date;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**Financing Level Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Funding Cost**” means, subject to adjustment in accordance with Product Condition 4, an amount, as determined by the Calculation Agent, equal to:

- (a) Prevailing Rate minus Current Spread; multiplied by
- (b) the Current Financing Level on the previous Reset Date; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360;

“**Governmental Authority**” is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including

the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

“**Index**” means the index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Index Sponsor**” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Trading Day and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Current Financing Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Initial Current Participation Factor**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interim Settlement Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, upon the occurrence of an Interim Settlement Event, an amount equal to:

Security Value - Issue Price rounded down to the next full unit of the Settlement Currency

The Interim Settlement Amount shall be rounded down to the nearest integral multiple of the Interim Settlement Factor;

“**Interim Settlement Event**” occurs, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if at the Valuation Time on any Trading Day, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, the Security Value is greater than or equal to the Interim Settlement Level, and a Re-Financing Event shall be deemed to have occurred;

“**Interim Settlement Factor**” means the factor specified as such in the definition of the relevant Series in the applicable Final Terms, subject to any variation by the Issuer at its sole and absolute discretion;

“**Interim Settlement Level**” means the Issue Price rounded down to the next full unit of the Settlement Currency plus the Interim Settlement Factor, all as determined by or on behalf of the Calculation Agent;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“Issue Price” means the amount as specified 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 termination of the Securities by the Issuer in accordance with Product Condition 3;

“**Issuer Call Commencement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issuer Call Date**” means the day specified as such in the notice delivered 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 Calculation Agent, a Market Disruption Event has occurred on that day in which case, the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Termination Reference Price having regard to the then prevailing market conditions, the last reported trading price of the Shares and such other factors as the Calculation Agent determines to be relevant;

“**Issuer Call Notice Period**” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Knock Out Event**” occurs, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if at any time on any Trading Day from (and including) the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, the Security Value is less than or equal to the Knock Out Level, as determined by the Calculation Agent in its sole and absolute discretion;

“**Knock Out Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Lower Leverage Limit**” means the number 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 as such in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or if the Settlement Currency is the euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System is open;

“Prevailing Rate” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the rate as determined by the Calculation Agent in its sole and absolute discretion, for deposits in the Financing Level Currency in the inter-bank market with a maturity of either one month or overnight, as selected by the Calculation Agent in its sole and absolute discretion;

“Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) equal to the level of the Index at the Valuation Time on any 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 level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the price of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Exchange and such other factors as the Calculation Agent determines relevant;

“Re-Financing Event” occurs, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, if on any Trading Day at the Valuation Time, other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, (a) the Current Leverage Factor is less than or equal to the Lower Leverage Limit or (b) the Current Leverage Factor is greater than or equal to the Upper Leverage Limit or (c) an Interim Settlement Event has occurred, all as determined by or on behalf of the Calculation Agent;

“Re-Financing Reference Price” means the Reference Price on the day on which a Re-Financing Event has, or is deemed to have, occurred;

“Related Exchange” means the 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;

“Reset Date” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Issue Date and thereafter (a) the 15th day of each calendar month, provided that if such day is not a Business Day the next following Business Day, or (b) each Business Day, at the determination of the Calculation Agent;

“Securities” means each Series of the Rolling Mini Short Open End Certificates relating to the Index specified in the applicable Final Terms and each certificate a “Security”. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Security Value” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the intrinsic value of a Security as determined by the Calculation Agent as follows:

- (a) with regard to the Interim Settlement Event: $(\text{Current Financing Level} - \text{Reference Price}) \times \text{Current Participation Factor}$;
- (b) for the calculation of the Current Participation Factor: $(\text{Current Financing Level} - \text{Execution Level}) \times \text{Current Participation Factor}$;

(c) with regard to the Knock-Out-Event: $(\text{Current Financing Level} - \text{Reference Price}) \times \text{Current Participation Factor}$.

For the avoidance of any doubt, the Current Financing Level in the formula in (b) above shall be the Current Financing Level immediately before the occurrence of the Re-Financing Event;

“**Series**” means each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Stop Loss Event**” occurs if, subject to any adjustment in accordance with Product Condition 4, the level of the Index (which shall be deemed to be a monetary value in the Financing Level Currency) is at any time on any Trading Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, greater than or equal to the Stop Loss Level. If no such price is available the price will be determined by the Calculation Agent in its absolute discretion. Upon the occurrence of such event, a Re-Financing Event shall be deemed to have occurred;

“**Stop Loss Level**” means an amount calculated on each Trading Day in accordance with the formula specified in the definition of the relevant Series (which shall be deemed to be a monetary value in the Financing Level Currency, rounded down to the nearest whole number), subject to adjustment in accordance with Product Condition 4, determined by the Calculation Agent in its sole and absolute discretion;

“**Stop Loss Termination Reference Price**” means, subject to adjustment in accordance with Product Condition 4, an amount (which shall be deemed to be a monetary value in the Financing Level Currency), as determined by the Issuer in its sole and absolute discretion on the occurrence of a Stop Loss Event, equal to the Execution Level;

“**Target Leverage Factor**” means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

“Termination Reference Price” means an amount equal to the Reference Price on the Issuer Call Date;

“Trading Day” means any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

“Upper Leverage Limit” means the number 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, 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; 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 unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit

of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “Holder” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes

and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in

force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES.

- (a) Exercise. Provided no Knock Out Event has occurred, and notwithstanding notice of an Issuer Call, the Securities are exercisable by delivery of a Notice prior to the Exercise Time on an Exercise Date.
- (b) Stop Loss Event. Following the occurrence of a Stop Loss Event, the Issuer shall determine the Stop Loss Termination Reference Price and shall notionally re-invest the Stop Loss Termination Reference Price in the Index on the basis of a Re-Financing Event having occurred contemporaneously therewith.
- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or the occurrence of a Knock Out Event, the Securities, in whole but not in part on any Business Day by giving Holders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (d) Interim Settlement Event. Following the occurrence of an Interim Settlement Event, the Calculation Agent shall determine and pay the Interim Settlement Amount to the account of the relevant Holder via the Clearing Agent on the Settlement Date and adjust the Security Value on the basis of a Re-Financing Event having occurred contemporaneously therewith. Any amounts not paid via the Clearing Agent shall be retained by the Issuer for payment to the relevant Holder against evidence satisfactory to the Issuer of the Holder’s entitlement to such amount.
- (e) Knock Out Event. Following the occurrence of a Knock Out Event, the Securities will terminate automatically and the Issuer will give notice to the Holders in accordance with General Condition 4. A Knock Out Event will override an Issuer Call and/or due Exercise if the Knock Out Event occurs prior to or on an Issuer Call Date or Valuation Date as the case may be.

- (f) Re-Financing Event. On or promptly following a Re-Financing Event the Calculation Agent shall adjust the Current Financing Level and the Current Participation Factor as set out in Product Condition 1.
- (g) Cash Settlement. Each Security upon due Exercise, termination pursuant to an Issuer Call, determination of an Interim Settlement Event or following a Knock Out Event and except in the case of an Interim Settlement Event subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date either:
 - (i) The Exercise Cash Amount, following a valid Exercise; or
 - (ii) The Issuer Call Cash Amount, following a valid Issuer Call; or
 - (iii) The Interim Settlement Amount, following an Interim Settlement Event; or
 - (iv) The Knock Out Cash Amount, following a Knock Out Event.
- (h) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (i) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent nor any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.
- (j) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, the Registrar with a copy to the Issuer. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be debited with the Securities to which it relates;
- (iii) irrevocably instruct and authorise the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to debit on or before the Settlement Date such account with such Securities;

- (iv) specify the number of the account with the Clearing Agent or, where the Securities are cleared through CREST, the Operator and the Registrar to be credited with the Cash Amount (if any) for such Securities;
 - (v) where the Securities are cleared through CREST, specify the account of the Holder and any such other details as may be required to enable receipt or delivery of any settlement in respect of any Securities other than in cash;
 - (vi) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (vii) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (k) **Verification.** In respect of each Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent or, where the Securities are cleared through CREST, the Registrar of its holding of such Securities.

- (l) Settlement. The Issuer shall pay or cause to be paid the Cash Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (m) Determinations. Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent or, where the Securities are cleared through CREST, the Registrar and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent or, where the Securities are cleared through CREST, which is not delivered to the Registrar, in each case as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent or, where the Securities are cleared through CREST, the Registrar, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent or the Swiss Agent or, where the Securities are cleared through CREST, at the time such correction is delivered to the Registrar as provided in the Conditions.

Any Security with respect to which a Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3 shall become void.

The Principal Agent or, where the Securities are cleared through CREST, the Registrar shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent nor, where the Securities are cleared through CREST, the Registrar shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (n) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent or, where the Securities are cleared through CREST, the Registrar, as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (o) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of

the Issuer, any Agent nor, where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Agents nor, where the Securities are cleared through CREST, the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (p) **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.
- (q) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) **Market Disruption.** The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

“**Market Disruption Event**” means: (i) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located or (ii) the occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on an Exchange or any Related

Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise), (A) on any Exchange(s) in securities that comprise 20 per cent or more of the level of the relevant Index, if in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a security included in the Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Index. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

- (b) Adjustments to Index. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (i), (ii), (iii) or (iv) below.
 - (i) If the Index is: (A) not calculated and announced by the Index sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or (B) replaced by a successor index using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
 - (ii) If: (A) on or prior to the Valuation Date, the occurrence of a Stop Loss Event, Issuer Call Date, or the occurrence of a Re-Financing Event or occurrence of the Knock Out Event 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, the occurrence of a Stop Loss Event, Issuer Call Date, or the occurrence of a Re-Financing Event or occurrence of the Knock Out Event the Index Sponsor or, if applicable the Successor Sponsor, fails to calculate and/or publish the Index; then (in either case) the Calculation Agent shall determine the Final Reference Price, the Stop Loss Termination Reference Price, or the Termination Reference Price, the Reference Price or the Knock Out Reference Price using, in lieu of a published level for the Index on the Valuation Date, the Issuer Call Date or during the Execution Valuation Period as the case may be, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those 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 Index in order to account fully for such event, notwithstanding that the rules published or applied by the Index Sponsor or, if applicable, the Successor Sponsor, pertaining to the Index have been applied, the Calculation Agent shall make such adjustment to the level of the Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the shares or other securities comprising the Index (the “Shares”) of: (aa) Shares; or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Shares equally or proportionately with such payments to holders of Shares or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Shares at a

time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date, Issuer Call Date or the Knock Out Event 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; (H) 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.
- (c) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

FORM OF FINAL TERMS

DATED []



The Royal Bank of Scotland N.V.

(incorporated in The Netherlands with its statutory seat in Amsterdam)

[NUMBER] [UNDERLYING] [TYPE OF PRODUCT] [CERTIFICATES]

[INDICATIVE] ISSUE PRICE: [] []

[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 HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR POLITICAL SUBDIVISION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. THE SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN OFFSHORE TRANSACTIONS THAT MEET THE REQUIREMENTS OF 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.

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.

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 Open End Certificates dated 1 July 2011 (the “Base Prospectus”) as supplemented from time to time which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of each Series of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and each Series of the Securities described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus as so supplemented is available for viewing at the office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and copies may be obtained from the Issuer at that address.

These Final Terms relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions and the relevant Product Conditions contained in the Base Prospectus as so supplemented. These Final Terms, the relevant Product Conditions and the General Conditions together constitute the Conditions of each Series of the Securities described herein and will be attached to 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.

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.

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 Open End Certificates has an interest material to the offer. [NB: Amend as appropriate if there are interests]

Issuer:

- (a) Issuer: The Royal Bank of Scotland N.V., acting through [its principal office at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands] [its London branch at 250 Bishopsgate, London EC2M 4AA] [other]
- (b) Proposed Transfer to The Royal Bank of Scotland plc¹: RBS is [not expected]/[expected] to become the issuer of the Securities as a result of the Part VII Scheme [(unless the Securities have been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme)][*include if RBS is expected to become the issuer of the Securities as a result of the Part VII Scheme*]

Note that if it is stated that RBS is expected to become the issuer of the Securities as a result of the Part VII Scheme, this means that the Securities are expected to be subject to the Part VII Scheme which, subject to such scheme being implemented, would result in the Issuer of the Securities becoming The Royal Bank of Scotland plc.

If it is stated that RBS is not expected to become the issuer of the Securities as a result of the Part VII Scheme, this means that RBS is not expected to become the issuer of the Securities as part of the Proposed Transfers generally.

Refer to the section of the Base Prospectus entitled “General Information – Part A: General – Proposed Transfers”, for further information.

Clearing Agents: [Clearstream Banking AG]
[Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Netherlands)]
[Euroclear Bank S.A./N.V. as operator of the Euroclear system]
[Clearstream Banking, société anonyme]
[SIX SIS Ltd]
[Euroclear UK and Ireland Limited (“CREST”)]
[Other, including address]

Launch Date: []
Subscription Period: []
As, if and when issued trading: [] [Not Applicable]
Issue Date: []

¹ This paragraph should only be included from on or around the date of an announcement regarding the transfer of existing securities issued by RBS N.V. under the Part VII Scheme that indicates whether RBS is expected to become the issuer of such securities.

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.]

Listing Date: []

Pricing 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.] [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.]

(Where documenting a fungible issue need to indicate that original Securities are already admitted to trading.)

[If, following the date of these Final Terms, but before the later of (i) the closure of the offer for the Securities; and (ii) if applicable, the admission of the Securities to trading on [Euronext Amsterdam N.V. / specify]] the Base Prospectus (the Original Prospectus) is supplemented, updated or replaced (including replacement following the expiry of the Original Prospectus) then the Issuer shall be entitled, without the consent of any Holder, any prospective Holder or any other person, to amend these Final Terms so as to provide, and/or replace these Final Terms with ones which provide that references to the Original Prospectus herein shall be to the Original Prospectus as amended, supplemented, updated or replaced (save that the terms and conditions applicable to the Securities shall be the Terms and Conditions set forth in the Original Prospectus).]

[These Final Terms supersede and replace those dated [] in relation to the Securities.]

Details of the minimum and/or maximum amount of application: [Please refer to the section of the Base Prospectus entitled “General Information - Information on the Offering of the Securities - (d) Minimum/ Maximum Application Amount” / *give details*]

Manner in and date on which results of the offer are to be made public: [Please refer to the section of the Base Prospectus entitled “General Information - Information on the Offering of the Securities - (f) Details of the Manner in Which the Results of the Initial Offer are to be Made Public” / *give details*]

Announcements to Holders: [Delivered to Clearing Agents.]

Principal Agent: [The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA]

Registrar: In respect of Securities cleared through CREST (defined below), [Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS13 8AE, England.][TBD]

In respect of Securities not cleared through CREST, [specify other][None]”; [and]

Agent(s): [The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA]

Calculation Agent: The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA, United Kingdom

Indication of yield: [Not Applicable]

[[]]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

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*)

Ratings: [S & P: [Not Applicable/Rating assigned as per the applicable rating measure outlined in the section of the Base Prospectus entitled “General Information – Recent Developments – Ratings”/specify other]]

[Moody’s: [Not Applicable/Rating assigned as per the applicable rating measure outlined in the section of the Base Prospectus entitled “General Information – Recent Developments – Ratings”/specify other]]

[Fitch: [Not Applicable/Rating assigned as per the applicable rating measure outlined in the section of the Base Prospectus entitled “General Information – Recent Developments – Ratings”/specify other]]

[[The rating assigned to the Securities has been endorsed by: []]

(delete if not applicable)]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to the Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

(A statement should also be made as to whether the rating allocated to the Securities is by (i) a registered rating agency established in the EU; (ii) an unregistered rating agency established outside the EU; (iii) a rating agency established in the EU who is applying to be registered in the EU but is not yet registered; (iv) a third country

rating agency that is endorsed by an EU registered rating agency; or (v) a third country rating agency that has not applied to be registered in the EU but is certified in accordance with the CRA Regulation).]²

[Securities admitted to trading on Scoach Switzerland Ltd. and listed on SIX Swiss Exchange Ltd. only:] **[Delete the following sections if Securities will not be admitted to trading on Scoach Switzerland Ltd. and listed on SIX Swiss Exchange Ltd.]**

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 Day: [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., 250 Bishopsgate, London EC2M 4AA, United Kingdom]

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.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]

² Only complete the information contained in this placeholder if "specify other" has been selected above.

COMMODITY OPEN END CERTIFICATES

Series: [Commodity] Open End Certificates Series []

Issue Price: []

Additional Market Disruption Events: [None] [specify]

Business Day: [As stated in Product Condition 1] [specify other]

Cash Amount: [Final Reference Price x Entitlement] [specify other]

Commodity: [] (Bloomberg Page: [])

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

Entitlement: []

Exchange: []

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]

Exercise Time: [10.00 am Central European Time] [specify other]

Final Reference Price: [As stated in Product Condition 1] [specify other]

Issuer Call Commencement Date: [The first Business Day following the [six month][one year][two year] period from and including the Issue Date] [specify other]

Issuer Call Notice Period: [three months][one calendar year][two calendar years] [specify other]

Relevant Currency: [As stated in Product Condition 1] [specify other]

Relevant Number of Trading Days: For the purposes 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]

Settlement Currency: []

Settlement Date: [The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [specify other]

Standard Currency: [As stated in Product Condition 1] [specify other]

Underlying Currency: []

Valuation Date(s): [The last Trading Day of [March] in each year, commencing from and including [March] [year]] [specify other]

Valuation Time: [The time of the London [morning][daily][afternoon] fixing price for the Commodity] [specify other]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscodex: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Commodity] Open End Certificates Series []

[repeat as above for each new Series]

COMMODITY OPEN END QUANTO CERTIFICATES

Series: *[Commodity] Open End Quanto Certificates Series []*

Issue Price: []

Additional Market Disruption Events: [None] *[specify]*

Annual Fee: [[] per cent. per annum]*[specify other]*

Business Day: [As stated in Product Condition 1] *[specify other]*

Cash Amount: $[CA_t = CA_{t-1} * (1 + DCF_{t-1,t} \times Rate_{t-1}) + QMF_t + CF_t$

where:

CA_t = Cash Amount on Trading Day t

CA_{t-1} = Cash Amount on Trading Day t-1

$DCF_{t-1,t}$ = Day Count Fraction between Trading Day (t-1) and Trading Day t

$Rate_{t-1}$ = Rate on previous Trading Day

QMF_t = Quanto Maintenance Fee on Trading Day t

CF_t = Certificate Fee on Trading Day t.]

[specify other]

Certificate Fee: $[CF_t = Fee * CLU_{t-1} * DCF_{t-1,t}$

where:

CF_t = Certificate Fee on Trading Day t

Fee = Annual Fee

CLU_{t-1} = Reference Price on the previous Trading Day (or, if there is a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

$DCF_{t-1,t}$ = Day Count Fraction between (t-1) and t Trading Days]

[specify other]

Certificate Value: [In respect of the Valuation Date or Issuer Call Date, as applicable:]

$$[CV_t = [CLU_t - CA_t] * CE$$

where:

CV_t = Certificate Value on Trading Day t

CLU_t = Final Reference Price on Trading Day t

CA_t = Cash Amount on Trading Day t

CE = Entitlement]

[specify other]

Commodity: [] (Bloomberg Page: [])

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

Entitlement: []

Exchange: []

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]

Exercise Time: [10.00 am Central European Time] [specify other]

Initial Quanto Maintenance Fee Level: [[] per cent. per annum][specify other]

Issuer Call Commencement Date: [The first Business Day following the [six month][one year][two year] period from and including the Issue Date] [specify other]

Issuer Call Notice Period: [three months][one calendar year][two calendar years] [specify other]

Quanto Maintenance Fee:

$$[QMF_t = QMFL_{t-1} * CLU_{t-1} * DCF_{t-1,t}$$

where:

QMF_t = Quanto Maintenance Fee on Trading Day t

QMFL_{t-1} = the Quanto Maintenance Fee Level on Trading Day (t-1)

CLU_{t-1} = the Reference Price on Trading Day (t-1) (or, if there is a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

DCF_{t,t-1} = the Day Count Fraction between (t-1) and Trading Day t]

[*specify other*]

Reference Price:

[As stated in Product Condition 1] [*specify other*]

Relevant Currency:

[As stated in Product Condition 1] [*specify other*]

Relevant Number of Trading Days:

For the purposes 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]

Settlement Currency:

[]

Settlement Date:

[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [*specify other*]

Standard Currency:

[As stated in Product Condition 1] [*specify other*]

Underlying Currency:

[]

Valuation Date(s):

[The last Trading Day of [March] in each year, commencing from and including [March] [year]] [*specify other*]

Valuation Time:

[The time of the London [morning][daily][afternoon] fixing price for the Commodity] [*specify other*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities:

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []
Common Code: []
Fondscore: []
WKN: []
Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Commodity] Open End Quanto Certificates Series []

[repeat as above for each new Series]

COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS

OPEN END CERTIFICATES

Series: *[Commodity] Futures and [Commodity] Forward Contracts Open End Certificates Series []*

Issue Price: []

Additional Market Disruption Events: [None] *[specify]*

Business Day: [As stated in Product Condition 1] *[specify other]*

Cash Amount: [Final Reference Price x Rollover Ratio x Entitlement]*[specify other]*

Emerging Market Disruption Events: [As stated in Product Condition 1] *[specify other]*

Entitlement: []

Exchange: []

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] *[specify other]*

Exercise Time: [10.00 am Central European time] *[specify other]*

Final Reference Price: [As stated in Product Condition 1] *[specify other]*

Issuer Call Commencement Date: [The first Business Day following the [[one year] period from and including the] Issue Date] *[specify other]*

Issuer Call Notice Period: [Three months][One calendar year] *[specify other]*

Reference Asset: [] (Screen Page: [])

Relevant Currency: [As stated in Product Condition 1] *[specify other]*

Relevant Number of Trading Days: For the purposes 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]

Rollover Date:	[A date, being a Trading Date, as selected by the Issuer within the last 10 Trading Days prior to the [last Trading Day of the Reference Asset] ³ [last Trading Day of the reference asset with an expiry month preceding the existing Reference Asset] ⁴] [the period ending not less than 10 Trading Days prior to the first notice date of the Reference Asset] ⁵ [a date, being a Trading Day, as selected by the Issuer prior to the period of 10 [Business Days][Trading Days] preceding the first notice date of the Reference Asset] ⁶ [the prompt date of the reference asset with an expiry month preceding the current existing Reference Asset] ⁷ [<i>specify other</i>]
Rollover Ratio:	$[(A-B)/(C+D)] \times E$ where (i) A is the Reference Asset Price; (ii) B is the Transaction Charge multiplied by the Reference Asset Price; (iii) C is the Substitute Asset Price; (iv) D is the Transaction Charge multiplied by the Substitute Asset Price and (v) E is the immediately preceding Rollover Ratio [<i>specify other</i>]
Rollover Time:	[In the course of the usual trading hours on the Exchange (currently [11.02 am to 8.30 pm Central European Time])] [<i>specify other</i>]
Settlement Currency:	[]
Settlement Date:	[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [<i>specify other</i>]
Standard Currency:	[As stated in Product Condition 1] [<i>specify other</i>]
Transaction Charge:	[As stated in Product Condition 1] [<i>specify other</i>]
Underlying Currency:	[]
Valuation Date(s):	[The last Trading Day of March in each year, commencing from and including March [year]] [<i>specify other</i>]

³ Applicable to Quanto certificates where the Reference Asset is oil, coffee
⁴ Applicable to Quanto certificates where the Reference Asset is cocoa, sugar
⁵ Applicable to Quanto certificates where the Reference Asset is wheat
⁶ Applicable to certificates where the Reference Asset is **not** a metal commodity
⁷ Applicable to **all** certificates where the Reference Asset is aluminium or copper

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Commodity] Futures and [Commodity] Forward Contracts Open End Certificates Series []

[repeat as above for each new Series]

COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS

OPEN END QUANTO CERTIFICATES

Series: *[Commodity] Futures and [Commodity] Forward Contracts Open End Quanto Certificates Series []*

Issue Price: []

Additional Market Disruption Events: [None] *[specify]*

Annual Fee: [] *[specify other]*

Business Day: [As stated in Product Condition 1] *[specify other]*

Cash Amount: *[specify]*

Certificate Fee: $[CF_t = Fee * CLU_{t-1} * DCF_{t-1,t} * RR_{t-1}]$

where:

CF_t = Certificate Fee on Trading Day t

Fee = Annual Fee

CLU_{t-1} = Reference Asset Price on the previous Trading Day at the Valuation Time as announced by the Exchange, converted into the Settlement Currency using the Exchange Rate (or, if there is a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

$DCF_{t-1,t}$ = Day Count Fraction between (t-1) and t Trading Days

RR_{t-1} = Rollover Ratio on Trading Day (t-1)

[specify other]

Certificate Value: [In respect of the Valuation Date or Issuer Call Date, as applicable:]

$$CV_t = [CLU_t * RR_t - CA_t] \times CE$$

where:

CV_t = Certificate Value on Trading Day t

CLU_t = Final Reference Price on Trading Day t

CA_t = Cash Amount on Trading Day t

CE = Entitlement

RR_t = Rollover Ratio on Trading Day t

[specify other]

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

Entitlement: []

Exchange: []

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]

Exercise Time: [10.00 am Central European time] [specify other]

Final Reference Price: [As stated in Product Condition 1] [specify other]

Initial Quanto Maintenance Fee Level: []

Issuer Call Commencement Date: [The first Business Day following the [[one year] period from and including the] Issue Date] [specify other]

Issuer Call Notice Period: [Three months][One calendar year] [specify other]

Quanto Maintenance Fee:

$$[QMF_t = QMFL_{t-1} * CLU_{t-1} * DCF_{t-1,t} * RR_{t-1}$$

where:

QMF_t = Quanto Maintenance Fee on Trading Day t

QMFL_{t-1} = the Quanto Maintenance Fee Level on Trading Day (t-1)

RR_{t-1} = the Rollover Ratio on Trading Day (t-1)

CLU_{t-1} = the Reference Asset Price at the Valuation Time on Trading Day (t-1) as announced by the Exchange, converted into the Settlement Currency using the Exchange Rate (or, if there is a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

DCF_{t, t-1} = means the Day Count Fraction between (t-1) and Trading Day t]

[specify other]

Reference Asset:

[] (Screen Page: [])

Relevant Currency:

[As stated in Product Condition 1] [specify other]

Relevant Number of Trading Days:

For the purposes 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]

Rollover Date:

[A date, being a Trading Date, as selected by the Issuer within the last 10 Trading Days prior to the [last Trading Day of the Reference Asset]⁸ [last Trading Day of the reference asset with an expiry month preceding the existing Reference Asset]⁹ [the period ending not less than 10 Trading Days prior to the first notice date of the Reference Asset]¹⁰ [a date, being a Trading Day, as selected by the Issuer prior to the period of 10 [Business Days][Trading Days] preceding the first notice date of the Reference Asset] [the prompt date of the reference asset with an expiry month preceding the current existing Reference Asset]¹¹ [specify other]

⁸ Applicable where the Reference Asset is oil, coffee

Rollover Ratio:	$[(A-B)/(C+D)] \times E$ where (i) A is the Reference Asset Price; (ii) B is the Transaction Charge multiplied by the Reference Asset Price; (iii) C is the Substitute Asset Price; (iv) D is the Transaction Charge multiplied by the Substitute Asset Price and (v) E is the immediately preceding Rollover Ratio][<i>specify other</i>]
Rollover Time:	[In the course of the usual trading hours on the Exchange (currently [11.02 am to 8.30 pm Central European Time])] [<i>specify other</i>]
Settlement Currency:	[]
Settlement Date:	[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [<i>specify other</i>]
Standard Currency:	[As stated in Product Condition 1] [<i>specify other</i>]
Transaction Charge:	[As stated in Product Condition 1] [<i>specify other</i>]
Underlying Currency:	[]
Valuation Date(s):	[The last Trading Day of March in each year, commencing from and including March [year]] [<i>specify other</i>]

⁹ Applicable where the Reference Asset is cocoa, sugar
¹⁰ Applicable where the Reference Asset is wheat
¹¹ Applicable where the Reference Asset is aluminium or copper

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Commodity] Futures and [Commodity] Forward Contracts Open End Quanto Certificates Series []

[repeat as above for each new Series]

FUND OPEN END CERTIFICATES

Series:	[Fund] Open End Certificates Series []
Issue Price:	[]
Additional Fund Event:	[None] [specify]
Business Day:	[As stated in Product Condition 1] [specify other]
Cash Amount:	[Final Reference Price x Entitlement] [specify other]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]
Entitlement:	[]
Exchange:	[] [Not Applicable]
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]
Exercise Time:	[10.00 am Central European Time] [specify other]
Final Reference Price:	[As stated in Product Condition 1] [specify other]
Fund	[] (Bloomberg Page: [])
Issuer Call Commencement Date:	[The first Business Day following [the [one year] period from and including] the Issue Date] [specify other]
Issuer Call Notice Period:	[One calendar year] [specify other]
Reference Asset:	[]
Relevant Currency:	[As stated in Product Condition 1] [specify other]
Relevant Number of Trading Days:	For the purposes 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]
Settlement Currency:	[]
Settlement Date:	[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [specify other]
Standard Currency:	[As stated in Product Condition 1] [specify other]
Underlying Currency:	[]
Valuation Date(s):	[The last Trading Day of [March] in each year, commencing from and including [March] [year]] [specify other]
Valuation 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]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities []

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Fund] Open End Certificates Series []

[repeat as above for each new Series]

FUND OPEN END QUANTO CERTIFICATES

Series: *[Fund] Open End Quanto Certificates Series []*

Issue Price: []

Additional Fund Event: [None] *[specify]*

Annual Fee: [[] per cent. Per annum] *[specify other]*

Business Day: [As stated in Product Condition 1] *[specify other]*

Cash Amount: $[CA_t = CA_{t-1} * (1 + DCF_{t-1,t} \times Rate_{t-1}) + QMF_t + CF_t$

where:

$CA_t =$ Cash Amount on Trading Day t

$CA_{t-1} =$ Cash Amount on Trading Day t-1

$DCF_{t-1,t} =$ Day Count Fraction between Trading Day (t-1) and Trading Day t

$Rate_{t-1} =$ Rate on previous Trading Day

$QMF_t =$ Quanto Maintenance Fee on Trading Day t

$CF_t =$ Certificate Fee on Trading Day t.]

[specify other]

Certificate Fee: $[CF_t = Fee \times CLU_{t-1} \times DCF_{t-1,t}$

where

$CF_t =$ Certificate Fee on Trading Day t

Fee = Annual Fee

$CLU_{t-1} =$ Reference Price on Trading Day (t-1)
(or if there is a Fund Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

$DCF_{t-1,t} =$ Day Count Fraction between (t-1) and t Trading Days]

[specify other]

Certificate Value: [In respect of the Valuation Date or Issuer Call Date, as applicable:]

$$CV_t = [CLU_t - CA_t] \times CE$$

where:

CV_t = Certificate Value on Trading Day t

CLU_t = Final Reference Price on Trading Day t

CA_t = Cash Amount on Trading Day t

CE = Entitlement]

[specify other]

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

Entitlement: []

Exchange: [] [Not Applicable]

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]

Exercise Time: [10.00 am Central European Time] [specify other]

Final Reference Price: [As stated in Product Condition 1] [specify other]

Fund: [] (Bloomberg Page: [])

Initial Quanto Maintenance Fee Level: [[] per cent. Per annum][specify other]

Issuer Call Commencement Date: [The first Business Day following [the [one year] period from and including] the Issue Date] [specify other]

Issuer Call Notice Period: [One calendar year] [specify other]

Quanto Maintenance Fee:

$$[QMF_t = QMFL_{t-1} \times CLU_{t-1} \times DCF_{t-1,t}$$

where

QMF_t = Quanto Maintenance Fee on Trading Day t

QMFL_{t-1} = Quanto Maintenance Fee Level Trading Day (t-1)

CLU_{t-1} = Reference Price on Trading Day (t-1) (or if there is a Fund Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

DCF_{t-1,t} = Day Count Fraction between (t-1) and t Trading Days]

[specify other]

Reference Asset:

[]

Relevant Currency:

[As stated in Product Condition 1] [specify other]

Relevant Number of Trading Days:

For the purposes 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]

Settlement Currency:

[]

Settlement Date:

[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [specify other]

Standard Currency:

[As stated in Product Condition 1] [specify other]

Underlying Currency:

[]

Valuation Date(s):

[The last Trading Day of [March] in each year, commencing from and including [March] [year]] [specify other]

Valuation 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]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Fund] Open End Quanto Certificates Series []

[repeat as above for each new Series]

INDEX OPEN END CERTIFICATES

Series:	[Index] Open End Certificates Series []
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[As stated in Product Condition 1] [specify other]
Cash Amount:	[Final Reference Price x Entitlement] [{(Issue Price x [Final Reference Price/Initial Reference Price]) x [Initial Exchange Rate/Final Exchange Rate]} – Index Fee less any accrued Maintenance Fee] [specify other]
Early Termination Amount:	[Not applicable][As stated in Product Condition 1][specify other]
Early Termination Date:	[Not applicable][As stated in Product Condition 1][specify other]
Early Termination Event:	[Not applicable][Occurs if the total number of Shares comprised in the Index is less than the minimum number of index components, as more particularly described in the attached index description (the “ Index Description ”)] [specify other]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]
Entitlement:	[]
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]
Exercise Time:	[10.00 am][5.00 pm] Central European Time [specify other]
Final Reference Price:	[As stated in Product Condition 1] [specify other]
Index:	[] (Bloomberg Code: [])
Index Fee:	[[] per cent. Per annum]

$$[IF = \{C_{(t-1)} \times [\quad] \times D_{(t)}\} / 360$$

where:

“**IF**” means the aggregated Index Fee from the Issue Date to the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be;

“**C_(t-1)**” means the Cash Amount determined by the Calculation Agent on the immediately preceding Trading Day; and

“**D_(t)**” means the number of Trading Days from (and including) the Issue Date to (but excluding) the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be.]

[Not Applicable] [*specify other*]

Initial Reference Price:	[As stated in Product Condition 1] [<i>specify other</i>]
Issuer Call Commencement Date:	[The first Business Day following the [six month][one year][two year] period from and including the Issue Date] [<i>specify other</i>]
Issuer Call Notice Period:	[Three months][One calendar year][Two calendar years] [<i>specify other</i>]
Maximum Maintenance Fee:	[[<input type="text"/>] per cent. Per annum][Not Applicable] [<i>specify other</i>]
Pricing Date(s):	[<input type="text"/>]
Relevant Currency:	[As stated in Product Condition 1] [<i>specify other</i>]
Relevant Number of Trading Days:	For the purposes of: [Early Termination Date:] <input type="text"/> [5, or in respect of an Emerging Market Disruption Event only, 180] Issuer Call Date: <input type="text"/> [5, or in respect of an Emerging Market Disruption Event only, 180] Valuation Date: <input type="text"/> [5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[<input type="text"/>]
Settlement Date:	[The [fifth] Business Day following the Valuation Date[, Early Termination Date] or the Issuer Call Date, as the case may be] [<i>specify other</i>]
Standard Currency	[As stated in Product Condition 1] [<i>specify other</i>]
Trading Day:	[As stated in Product Condition 1] [<i>specify other</i>]
Underlying Currency:	[<input type="text"/>]
Valuation Date(s):	The last Trading Day of [March] in each year, commencing from and including [March] [year] [<i>specify other</i>]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Other Securities Code: [] [Symbol:]

Other Provisions: []

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Index] Open End Certificates Series [] [other]

[repeat as above for each new Series]

INDEX OPEN END QUANTO CERTIFICATES

Series: *[Index] Open End Quanto Certificates Series []*

Issue Price: []

Additional Market Disruption Events: [None] *[specify]*

Annual Fee: [[] per cent. Per annum] *[specify other]*

Business Day: [As stated in Product Condition 1] *[specify other]*

Cash Amount: [In respect of the Valuation Date, Issuer Call Date, or Early Termination Date (pursuant to Product Condition 3(c)), as applicable:]

$$[CA_t = CA_{t-1} * (1 + DCF_{t-1,t} \times Rate_{t-1}) + QMF_t + CF_t - D_t$$

where:

“**Ca_t**” = Cash Amount on Trading Day t
 “**CA_{t-1}**” = Cash Amount on Trading Day t-1
 “**DCF_{t-1,t}**” = Day Count Fraction between Trading Day (t-1) and Trading Day t
 “**Rate_{t-1}**” = Rate on previous Trading Day
 “**QMF_t**” = Quanto Maintenance Fee on Trading Day t
 “**CF_t**” = Certificate Fee on Trading Day t
 “**D_t**” = Dividends on Trading Day t.

The Cash Amount on the Launch Date is zero. The Cash Amount can be negative.]¹²

[{(Issue Price x [Final Reference Price/Initial Reference Price]) – Index Fee} – Quanto Fee

less any accrued Maintenance Fee. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards.]

[specify other]

¹² This and the next formula are alternatives for the quanto product

Certificate Fee: $[CF_t = Fee \times CLU_{t-1} \times DCF_{t-1,t}]$

where

CF_t = Certificate Fee on Trading Day t

Fee = Annual Fee

CLU_{t-1} = the Reference Price on Trading Day (t-1) (or if there is a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

$DCF_{t-1,t}$ = Day Count Fraction between (t-1) and t Trading Days]

[specify other]

Certificate Value: [In respect of the Valuation Date, Issuer Call Date, or Early Termination Date (pursuant to Product Condition 3(c)), as applicable:]

$$[CV_t = [CLU_t - CA_t] \times CE]$$

where:

CV_t = Certificate Value on Trading Day t

CLU_t = Final Reference Price on Trading Day t

CA_t = Cash Amount on Trading Day t

CE = Entitlement]

[specify other]

Dividends: [Applicable][Not Applicable]¹³ [specify other]

Early Termination Amount: [Not applicable][As stated in Product Condition 1][specify other]

Early Termination Date: [Not applicable][As stated in Product Condition 1][specify other]

Early Termination Event: [Not applicable][Occurs if the total number of Shares comprised in the Index is less than the minimum number of index components, as more particularly described in the attached index description (the “**Index Description**”)] [specify other]

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

¹³ Depends on the underlying index

Entitlement: []

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [*specify other*]

Exercise Time: [10.00 am][5.00 pm] Central European Time [*specify other*]

Final Reference Price: [As stated in Product Condition 1] [*specify other*]

Index: [] (Bloomberg Code: [])

Index Fee: [[] per cent. Per annum]

$$[IF = \{C_{(t-1)} \times [] \times D_{(t)}\} / 360]$$
where:
“**IF**” means the aggregated Index Fee from the Issue Date to the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be;
“**C_(t-1)**” means the Cash Amount determined by the Calculation Agent on the immediately preceding Trading Day; and
“**D_(t)**” means the number of Trading Days from (and including) the Issue Date[, Early Termination Date] to (but excluding) the Issuer Call Date or the Valuation Date, as the case may be.]
[Not Applicable] [*specify other*]

Initial Quanto Fee Level: [[] per cent. Per annum] [*specify other*]

Initial Quanto Maintenance Fee Level: [[] per cent. Per annum] [*specify other*]

Initial Reference Price: [As stated in Product Condition 1] [*specify other*]

Issuer Call Commencement Date: [The first Business Day following the [six month][one year][two year] period from and including the Issue Date] [*specify other*]

Issuer Call Notice Period: [Three months][One calendar year][Two calendar years] [*specify other*]

Maximum Maintenance Fee: [[] per cent. Per annum][Not Applicable] [*specify other*]

Quanto Fee:

$$[QF = \sum_{i=1}^n QFL_i \times CLI_i \times QFDCF_{i-1,i}]$$

where:

QF = the aggregated Quanto Fee from the Issue Date to the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be;

QFL_i = the prevailing Quanto Fee level on the ith Trading Day;

CLI_i = the closing level of the Index (which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate) as announced by the Index Sponsor on the relevant Trading Day (or, if there has been a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below);

QFDCF_{i-1,i} = the Quanto Fee Day Count Fraction from the (i-1) Trading Day to the ith Trading Day; and

n = the number of Trading Days from (but excluding) the Issue Date to (and including) the Issuer Call Date[, Early Termination Date] or the Valuation Date, as the case may be]

[specify other]

Quanto Maintenance Fee:

$$[QMF_t = QMFL_{t-1} \times CLU_{t-1} \times DCF_{t-1,t}$$

where

QMF_t = Quanto Maintenance Fee on Trading Day
t

QMFL_{t-1} = Quanto Maintenance Fee Level Trading
Day (t-1)

CLU_{t-1} = the Reference Price on Trading Day (t-1)
(or if there is a Market Disruption Event on such day, the
level as determined as if such Trading Day was a Valuation
Date, (as specified below)

DCF_{t-1,t} = Day Count Fraction between (t-1) and t
Trading Days]

[*specify other*]

Relevant Currency:

[As stated in Product Condition 1] [*specify other*]

Relevant Number of Trading Days:

For the purposes of:

[Early Termination 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]

Valuation Date: [5, or in respect of an
Emerging Market Disruption Event only, 180]

Settlement Currency:

[]

Settlement Date:

[The [fifth] Business Day following the Valuation Date[,
Early Termination Date] or the Issuer Call Date, as the case
may be] [*specify other*]

Standard Currency:

[As stated in Product Condition 1] [*specify other*]

Trading Day:

[As stated in Product Condition 1] [*specify other*]

Underlying Currency:

[]

Valuation Date(s):

The last Trading Day of [March] in each year, commencing
from and including [March] [year] [*specify other*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [Symbol:]

Other Provisions: []

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

*[Index] Open End Quanto Certificates Series []
[other]*

[repeat as above for each new Series]

TOTAL RETURN MONEY MARKET INDEX OPEN END CERTIFICATES

Series:	[Total Return Money Market Index] Open End Certificates Series []
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Cash Amount:	[]
Emerging Market Disruption Events	[As stated in Product Condition 1] [specify other]
Exercise Date:	[The third Trading Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]
Exercise Time:	[5.00 pm local time in Frankfurt am Main, Germany] [specify other]
Final Reference Price:	[As stated in Product Condition 1] [specify other]
Index:	[Currency] Total Return Money Market Instrument (Bloomberg Code [])
Initial Reference Price:	[]
Issuer Call Notice Period:	[[Two] Trading Days] [specify other]
Relevant Currency:	[As stated in Product Condition 1] [specify other]
Relevant Number of Trading Days:	For the purposes 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]
Settlement Currency:	[]
Settlement Date:	[[Fifth] Trading Day following the relevant Valuation Date or the Issuer Call Date, as the case may be] [specify other]
Standard Currency:	[As stated in Product Condition 1] [specify other]
Underlying Currency:	[]
Valuation Date(s):	[The last Trading Day of [month] in each year, commencing from and including [month] [year]] [specify other]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Total Return Money Market Index] Open End Certificates Series []

[repeat as above for each new Series]

BASKET OPEN END CERTIFICATES

Series: *[[The Royal Bank of Scotland N.V.Basket]] Open End Certificates Series []*

Issue Price: []

Additional Market Disruption Events: [None] *[specify]*

Basket:

Basket Constituent	[WKN/Valoren]	Weight
[The Current Price of the Futures Contract on Coffee Open End Certificates]	[]	[]%
[The Current Price of the Futures Contract on Cocoa Open End Certificates]	[]	[]%
[The Current Price of the A Futures Contract on Frozen Orange Juice Open End Certificates]	[]	[]%
[The Current Price of the Futures Contract on Wheat Open End Certificates]	[]	[]%
[The Current Price of the Futures Contract on Sugar Open End Certificates]	[]	[]%

Business Day: [As stated in Product Condition 1] *[specify other]*

Cash Amount: [Final Reference Price x Entitlement] *[specify other]*

Constituent Closing Price: []

Emerging Market Disruption Events: [As stated in Product Condition 1] *[specify other]*

Entitlement: []

Exchange: [Stuttgart Stock Exchange (EUWAX)] [Swiss Stock Exchange] *[specify other]*

Exercise Date: [The third Business Day preceding the scheduled Valuation Date as provided in Product Condition 3] *[specify other]*

Exercise Time: [10.00 am local time in Frankfurt am Main, Germany] *[specify other]*

Final Reference Price: [As stated in Product Condition 1] *[specify other]*

Initial Reference Price: [EUR 100] *[specify other]*

Issuer Call Notice Period: [One calendar year] *[specify other]*

Pricing Date: []

Relevant Currency: [As stated in Product Condition 1] *[specify other]*

Relevant Number of Trading Days:	For the purposes of: Issue Date – 1: [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] Re-weighting Day – 1: [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]
Re-weighting Day:	[The first Trading Day of each year commencing [year]] [<i>specify other</i>]
Settlement Currency:	[]
Settlement Date:	[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be, and, in the event that there is more than one Valuation Date or Issuer Call Date in relation to the Basket, the Settlement Date shall be the [fifth] Business Day following the last Valuation Date or Issuer Call Date, as the case may be] [<i>specify other</i>]
Standard Currency:	[As stated in Product Condition 1] [<i>specify other</i>]
Underlying Currency	[]
Valuation Date(s):	[The last Trading Day of March in each year, commencing from and including March [year]] [<i>specify other</i>]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests of the Holders of Securities.]

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Valoren: []

Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[[The Royal Bank of Scotland N.V. Basket]] Open End Certificates Series []

[repeat as above for each new Series]

ASSET OPEN END QUANTO CERTIFICATES

Series:	[Asset] Open End Quanto Certificates Series []
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[As stated in Product Condition 1] [specify other]
Cash Amount:	[Final Reference Price x Entitlement] [specify other]
Emerging Market Disruption Events	[As stated in Product Condition 1] [specify other]
Exchange:	[]
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date as provided in Product Condition 3] [specify other]
Exercise Time:	[10.00 am][5.00 pm][Central European Time][local time in Frankfurt am Main, Germany] [specify other]
Final Reference Price:	[As stated in Product Condition 1] [specify other]
Initial Quanto Maintenance Fee Level:	[[] per cent. per annum] [specify other]
Issuer Call Commencement Date:	[The first Business Day following the [[six month][two year] period from and including the] Issue Date] [specify other]
Issuer Call Notice Period:	[30 calendar days][One calendar year][Two calendar years] [specify other]

Quanto Maintenance Fee:

[In respect of the Valuation Date or Issuer Call Date, as applicable:]

$$[MF = \sum_{i=1}^n MFL_i \times CLI_i \times MFDCF_{i-1,i}]$$

where:

“MF” = the aggregated Quanto Maintenance Fee from the Issue Date to the Issuer Call Date or Valuation Date, as the case may be;

“MFL_i” = the prevailing Quanto Maintenance Fee Level on the ith Trading Day (as defined below);

“CLI_i” = the closing level of the Reference Asset (which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate) on the relevant Trading Day (or, if there has been a Market Disruption Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below);

“i” = a series of whole numbers from one to n, each representing a different Trading Day in the series defined in “n” below;

“MFDCF_{i-1,i}” = the Quanto Maintenance Fee Day Count Fraction from the (i-1)th Trading Day to ith Trading Day (as defined below); and

“n” = the number of Trading Days from (but excluding) the Issue Date to (and including) the Valuation Date or Issuer Call Date, as the case may be.]

[*specify other*]

Reference Asset:

[] (Bloomberg Page [])

Relevant Currency:

[As stated in Product Condition 1] [*specify other*]

Relevant Number of Trading Days:

For the purposes 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]

Settlement Currency: []

Settlement Date: [The [fifth] Business Day following the relevant Valuation Date or the Issuer Call Date, as the case may be] [*specify other*]

Standard Currency: [As stated in Product Condition 1] [*specify other*]

Underlying Currency: []

Valuation Date(s): [The last Trading Day of [March] in each year, commencing from and including [March] [year]] [*specify other*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests of the Holders of Securities.]

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying: [Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained: []

Series: [Asset] Open End Quanto Certificates Series []

[repeat as above for each new Series]

FUND BASKET OPEN END QUANTO CERTIFICATES

Series: *Fund Basket Open End Quanto Certificates Series []*

Issue Price: []

Additional Fund Event: [None] *[specify]*

Annual Fee: [[] per cent. per annum][Not Applicable]
[specify other]

Basket:

Basket Constituent (i) (i = 1...n)	(Bloomberg: [])	Initial Weight	[Reference Asset	Exchange
[specify]	[specify]	[specify]	[specify]	[specify]

Basket Launch Date

[]

Basket Level

[

$$I_t = I(RW - 1) \times \left(\sum_{i=1}^n W_i \frac{UF_{i,t}}{UF(RW - 1)_i} \right)$$

Where:

“i” = A series of whole numbers from one to n, each representing a different Basket Constituent on Trading Day t;

It = The Basket Level on Trading Day t

I(RW-1) = The Basket Level on the previous Re-weighting Date based on the Notional Transaction Price.

“n” = The number of Basket Constituents comprising the Basket on Trading Day t;

Wi = The Weight allocated to Basket Constituent i on Trading Day t;

UFi,t = The Notional Transaction Price of Basket Constituent i on Trading Day t

UF(RW-1)i, = The Notional Transaction Price of Basket Constituent i with regard to the previous Re-weighting Date.]

Business Day *[specify other]*
[The definition in product Condition 1 applies] [specify other]

Cash Amount

[

$$CA_t = CA_{t-1} * (1 + DCF_{t-1,t} \times Rate_{t-1}) + QMF_t + CF_t$$

where:

$CA_t =$ Cash Amount on Trading Day t
 $CA_{t-1} =$ Cash Amount on Trading Day t-1
 $DCF_{t-1,t} =$ Day Count Fraction between Trading Day (t-1) and Trading Day t
 $Rate_{t-1} =$ Rate on previous Trading Day
 $QMF_t =$ Quanto Maintenance Fee on Trading Day t
 $CF_t =$ Certificate Fee on Trading Day t.

The Cash Amount on the Launch Date is zero. The Cash Amount can be negative]

[*specify other*] [Not Applicable]

Certificate Fee:

[

$$CF_t = Fee \times CLU_{t-1} \times DCF_{t-1,t}$$

where

$CF_t =$ Certificate Fee on Trading Day t

Fee = Annual Fee

$CLU_{t-1} =$ Reference Price on Trading Day (t-1) (or if there is a Fund Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

$DCF_{t-1,t} =$ Day Count Fraction between (t-1) and t Trading Days;]

[*specify other*]

Certificate Value:

[In respect of the Valuation Date or Issuer Call Date, as applicable:]

$$CV_t = [CLU_t - CA_t] \times CE$$

where:

$CV_t =$ Certificate Value on Trading Day t

$CLU_t =$ Final Reference Price on Trading Day t

$CA_t =$ Cash Amount on Trading Day t

$CE =$ Entitlement

$CV_0 =$ []

$$[CV_t = CV_{t-1} \times \left(\frac{I_t}{I_{t-1}} - CF_t - QMF_t \right)]$$

where:

$CV_t =$ Certificate Value on Trading Day t

$CV_{t-1} =$ Certificate Value on Trading Day t-1

$I_t =$ Basket Level on Trading Day t as announced by the Calculation Agent

$I_{t-1} =$ Basket Level on Trading Day t-1 as announced by the Calculation Agent

$CF_t =$ Certificate Fee on Trading Day t

$QMF_t =$ Quanto Maintenance Fee on Trading Day t

$CV_0 =$ []

[specify other]

Emerging Market Disruption Events: [As stated in Product Condition 1] [specify other]

Entitlement: [] [Not Applicable]

Exchange: [See Basket] [Not Applicable]

Exercise Date: [The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]

Exercise Time: [10.00 am Central European Time] [specify other]

Final Reference Price [As stated in Product Condition 1] [specify other] [Not Applicable]

Initial Basket Level [] [Not Applicable]

Initial Quanto Maintenance Fee Level: [[] per cent. per annum] [specify other]

Issuer Call Commencement Date: [The first Business Day following [the [one year] period from and including] the Issue Date] [specify other]

Issuer Call Notice Period: [One calendar year] [specify other]

Quanto Maintenance Fee

[

$$QMF_t = QMFL_{t-1} \times CLU_{t-1} \times DCF_{t-1,t}$$

where

QMF_t = Quanto Maintenance Fee on Trading Day t

$QMFL_{t-1}$ = Quanto Maintenance Fee Level Trading Day (t-1)

CLU_{t-1} = Reference Price on Trading Day (t-1) (or if there is a Fund Event on such day, the level as determined as if such Trading Day was a Valuation Date, as specified below)

$DCF_{t-1,t}$ = Day Count Fraction between (t-1) and t Trading Days

If the Issuer realises a profit when arranging the Exchange Rate the Quanto Maintenance Fee could be negative;]

[*specify other*]

Quanto Maintenance Fee Level

[As stated in Product Condition 1] [*specify other*]

Rate

[As stated in Product Condition 1] [*specify other*] [Not Applicable]

Relevant Currency:

[As stated in Product Condition 1] [*specify other*]

Relevant Number of Trading Days:

For the purposes of:

Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Re-Weighting Date – 1: [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]

Re-weighting Dates:

[3 months after the Basket Launch Date and every three months thereafter commencing on []] [*specify other*]

Re-weighting Table

[[]% in the Basket Constituent with the best Performance

[]% in the Basket Constituent with the second best Performance

[]% in the Basket Constituent with the third best Performance

[]% in the Basket Constituent with the fourth best Performance] [*specify other*]

Settlement Currency: []

Settlement Date: [The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [*specify other*]

Standard Currency: [As stated in Product Condition 1] [*specify other*]

Trading Day [As stated in Product Condition 1] [*specify other*]

Underlying Currency: []

Valuation Date(s): [The last Trading Day of [March] in each year, commencing from and including [March] [year]] [*specify other*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] *[Symbol:]*

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained: []

Series: *Fund Basket Open End Quanto Certificates Series []*

[repeat as above for each new Series]

INDEX BASKET OPEN END CERTIFICATES

Series:	[[The Royal Bank of Scotland N.V. Basket]] Open End Certificates Series []	
Issue Price:	[]	
Additional Market Disruption Events:	[None] [specify]	
Annual Fee:	[% per annum]	
Basket:		
Index	[Underlying Currency]	Weight
[] [Bloomberg Code:]	[]	[]% [see below]
[] [Bloomberg Code:]	[]	[]% [see below]
[] [Bloomberg Code:]	[]	[]% [see below]
[] [Bloomberg Code:]	[]	[]% [see below]
[] [Bloomberg Code:]	[]	[]% [see below]
Best Performing Index:	[As stated in Product Condition 1] [specify other]	
Business Day:	[As stated in Product Condition 1] [specify other]	
Cash Amount:	[]	
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]	
Entitlement:	[]	
Exchange:	[Stuttgart Stock Exchange (EUWAX)] [Swiss Stock Exchange] [specify other]	
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date as provided in Product Condition 3] [specify other]	
Exercise Time:	[10.00 am local time in Frankfurt am Main, Germany] [specify other]	
Index Closing Price:	[As stated in Product Condition 1] [specify other]	
Initial Price:	[As stated in Product Condition 1] [specify other]	
Initial Reference Price:	[EUR 100] [specify other]	
Issuer Call Commencement Date:	[]	
Issuer Call Notice Period:	[One calendar year] [specify other]	
Issue Date -1:	[As stated in Product Condition 1] [specify other]	
Number of Units:	[As stated in Product Condition 1] [specify other]	
Reference Price:	[As stated in Product Condition 1] [specify other]	
Relevant Currency:	[As stated in Product Condition 1] [specify other]	

Relevant Number of Trading Days:	For the purposes of: Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180] Re-weighting Day – 1: [5, or in respect of an Emerging Market Disruption Event only, 180] Re-weighting Day – 2: [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]
Re-weighting Day:	[The first Trading Day of each year commencing [year]] [specify other]
Settlement Currency:	[]
Settlement Date:	[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be, and, in the event that there is more than one Valuation Date or Issuer Call Date in relation to the Basket, the Settlement Date shall be the [fifth] Business Day following the last Valuation Date or Issuer Call Date, as the case may be] [specify other]
Standard Currency:	[As stated in Product Condition 1] [specify other]
Valuation Date(s):	[The last Trading Day of March in each year, commencing from and including March [year]] [specify other]
Weight:	[As specified in the definition of Basket][specify other]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Valoren: []

Other Securities Code: [] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Index disclaimer(s):

[]

Series:

[[The Royal Bank of Scotland N.V. Index Basket]] Open End Certificates Series []

[repeat as above for each new Series]

SINGLE STOCK OPEN END CERTIFICATES

Series:	[Share] Open End Certificates Series []
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[As stated in Product Condition 1] [specify other]
Cash Amount:	[Final Reference Price x Entitlement] [specify other]
Dividend Amount:	[As stated in Product Condition 1] [Not Applicable] [specify other]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]
Entitlement:	[]
Exchange:	[]
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date, as provided in Product Condition 3] [specify other]
Exercise Time:	[10.00 am Central European Time] [specify other]
Fee:	[[] per cent. per annum]
Final Reference Price:	[As stated in Product Condition 1] [specify other]
Issuer Call Commencement Date:	[The first Business Day following [the [one year] period from and including] the Issue Date] [specify other]
Issuer Call Notice Period:	[One calendar year] [specify other]
Pricing Date(s):	[]
Relevant Currency:	[As stated in Product Condition 1] [specify other]
Relevant Number of Trading Days:	For the purposes 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]
Settlement Currency:	[]
Settlement Date:	[The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be] [specify other]
Share:	[](Bloomberg Code: [])
Share Company:	[] ISIN: []
Standard Currency:	[As stated in Product Condition 1] [specify other]
Underlying Currency:	[]
Valuation Date(s):	[The last Trading Day of [March] in each year, commencing from and including [March] [year]] [specify other]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscod: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act.

Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Share] Open End Certificates Series []

[repeat as above for each new Series]

MULTI-ASSET BASKET OPEN END CERTIFICATES

Series: *Multi-Asset Basket Open End Certificates Series []*

Issue Price: []

Additional Fund Events: [None] [specify]

Additional Market Disruption Events: [None] [specify]

Basket:

“Basket Constituent” **“Share Company”** **“Exchange”** **“Weight”** **“Underlying Currency”**

[specify each [] [] []% []
Commodity and
Bloomberg/Reuters
Code]

(“Commodity”)

[the [ordinary] shares
of the Share Company
(ISDN:) (Bloomberg
Code]

(“Share”)

[specify each Fund and
Bloomberg Code/ISIN]

(“Fund”)

[Where the Fund is an
exchange traded fund,
include details of the
Reference Asset and
ISIN]

(“Reference Asset”)

Business Day: [As stated in Product Condition 1] [*specify other*]

Cash Amount: [Final Reference Price x Entitlement] [*specify other*]

Commodity [] [See Basket]

Constituent Closing Price: [As stated in the Product Condition 1][*specify other*]

Emerging Market Disruption Events: [As stated in the Product Condition 1][*specify other*]

Entitlement: []

Exchange: [See Basket] [*specify other*]

Exercise Date: [The third Business Day preceding the scheduled Valuation
Date as provided in Product Condition 3] [*specify other*]

Exercise Time: [10.00 am Central European Time] [*specify other*]

Final Reference Price: [As stated in Product Condition 1] [*specify other*]

Initial Price: [As stated in Product Condition 1] [*specify other*]

Initial Reference Price: [EUR 100] [*specify other*]

Issuer Call Notice Period: [One calendar year] [*specify other*]

Number of Units: [As stated in Product Condition 1] [*specify other*]

Reference Price: [As stated in Product Condition 1] [*specify other*]

Relevant Currency: [As stated in Product Condition 1][*specify other*]

Relevant Number of Trading Days: For the purposes of:
Issue Date – 1: [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]
Re-weighting Day – 1: [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]

Re-weighting Day: [The first Trading Day of each year commencing [*year*] [*specify other*]

Re-weighting Reference Price: [As stated in Product Condition 1] [*specify other*]

Settlement Currency: []

Settlement Date: [The [fifth] Business Day following the Valuation Date or the Issuer Call Date, as the case may be, and, in the event that there is more than one Valuation Date or Issuer Call Date in relation to the Basket, the Settlement Date shall be the [fifth] Business Day following the last Valuation Date or Issuer Call Date, as the case may be] [*specify other*]

Standard Currency: [As stated in Product Condition 1][*specify other*]

Valuation Date(s): [The last Trading Day of March in each year, commencing from and including March [*year*]] [*specify other*]

Valuation Time: [The time of the London [morning] [daily] [afternoon] fixing price for the Commodity] [The close of trading on the relevant Exchange in relation to a Share or a Reference Asset where the Fund is an exchange traded fund] [The time with reference to which the Fund Manager publishes the NAV or value in relation to a Fund which is not an exchange traded fund][*specify other*]

Amendments to General Conditions and/or Product Conditions:

[Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for Securities:

[]

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN:

[]

Common Code:

[]

Fondscod:

[]

WKN: Valoren:

[]

Other Securities Code:

[] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade

or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/
other variable, explanation of effect on
value of investment and associated risks
and other information concerning the
Underlying:

[Need to include details of where past and future
performance and volatility of the Underlying/formula/other
variable can be obtained.]

[Need to include a clear and comprehensive explanation of
how the value of the investment is affected by the
Underlying and the circumstances when the risks are most
evident.]

*(When completing this paragraph, consideration should be
given as to whether such matters described constitute
“significant new factors” and consequently trigger the
need for a supplement to the Prospectus under Article 16
of the Prospectus Directive.)*

Page where information about the past []
and future performance of the
Underlying and its volatility can be
obtained:

Series: *[Multi-Asset Basket Basket] Open End Certificates Series []*

[repeat as above for each new Series]

SPREAD OPEN END CERTIFICATES

Series:	[] (Long Reference Asset) vs [] (Short Reference Asset) Spread Open End Certificates Series []
Issue Price:	[]
Absolute Notional Position:	[[] and thereafter as stated in Product Condition 1][<i>specify other</i>]
Additional Fund Event:	[None] [<i>specify</i>]
Additional Market Disruption Events:	[None] [<i>specify</i>]
Business Day:	[As stated in Product Condition 1] [<i>specify other</i>]
Calculation Period:	[As stated in Product Condition 1] [<i>specify other</i>] [Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [<i>Specify other Cash Amount or formula for Cash Amount</i>]
Certificate Fee:	[As stated in Product Condition 1][<i>specify other</i>]
Certificate Fee Level:	[]%
Certificate Value:	[As stated in Product Condition 1][<i>specify other</i>]
Daily Cash Amount:	[insert Cert Amount as of Launch Date][and thereafter as stated in Product Condition 1][<i>specify other</i>]
Day Count Fraction:	[The number of calendar days from (but excluding) the previous Trading Day to (and including) the current Trading Day divided by 360]
Dividends:	[Applicable][Not Applicable]
Emerging Market Disruption Events:	[As stated in Product Condition 1][<i>specify other</i>]
Entitlement:	[] [Not Applicable]
Exercise Date:	[As stated in Product Condition 1] [<i>specify other</i>]
Final Reference Price:	[As stated in Product Condition 1] [<i>specify other</i>]
Issuer Call Commencement Date:	
Issuer Call Notice Period:	[one Business Day][<i>specify other</i>]
Leverage:	[As stated in Product Condition 1][<i>specify other</i>]
Maximum Leverage:	[]
Minimum Certificate Value:	[]
Rate:	[As stated in Product Condition 1][<i>specify other</i>]
Reference Asset Price:	[As stated in Product Condition 1][<i>specify other</i>]
Reference Asset Spread Level:	[As stated in Product Condition 1][<i>specify other</i>]
Relevant Currency:	[As stated in Product Condition 1][<i>specify other</i>]

Relevant Number of Trading Days: For the purposes of:
Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]
Reference Asset Price: [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]

Reset Dates: [As stated in Product Condition 1][*specify other*]
Settlement Currency: []
Spread:

Reference Asset:	[Reference Asset Company:]	Reference Asset Currency:	[Initial Reference Asset Price:]	[Exchange Rate:]	[Initial Exchange Rate:]	[Weighting:]
[Ordinary shares of the Reference Asset Company] [specify other] (Reuters page: [], Bloomberg Code: []) (“Long Reference Asset”) (“[Commodity][Fund] [Fund Reference Asset] Share[Index]”)	[]	[]	[]	[]	[]	[]
[Ordinary shares of the Reference Asset Company] [specify other] (Reuters page: [], Bloomberg Code: []) (“Short Reference Asset”) (“[Commodity][Fund] [Fund Reference Asset] Share[Index]”)	[]	[]	[]	[]	[]	[]

Spread Index Agent: []
Standard Currency: [As stated in Product Condition 1][*specify other*]
Stop Loss Event: [As stated in Product Condition 1][*specify other*]
Stop Loss Price: []
Valuation Date(s): [As stated in Product Condition 1][*specify other*]
Valuation Time: [As stated in Product Condition 1][*specify other*]
Weighting: [As stated in Product Condition 1][As specified in the definition of Spread][*specify other*]
Amendments to General [Not Applicable]

Conditions and/or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []
(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [Symbol:]

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying/formula/other variable can be [Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be

Underlying:

obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[] (*Long Reference Asset*) vs [] (*Short Reference Asset*) *Spread Open End Certificates Series* []

[repeat as above for each new Series]

QUANTO SPREAD OPEN END CERTIFICATES

Series:	[] (Long Reference Asset) vs [] (Short Reference Asset) Quanto Spread Open End Certificates Series []
Issue Price:	[]
Absolute Notional Position:	[[] and thereafter as stated in Product Condition 1][<i>specify other</i>]
Additional Fund Event:	[None] [<i>specify</i>]
Additional Market Disruption Events:	[None] [<i>specify</i>]
Business Day:	[As stated in Product Condition 1] [<i>specify other</i>]
Calculation Period:	[As stated in Product Condition 1] [<i>specify other</i>] [Not Applicable]
Cash Amount:	[As stated in Product Condition 1] [Specify other Cash Amount or formula for Cash Amount]
Certificate Fee:	[As stated in Product Condition 1][<i>specify other</i>]
Certificate Fee Level:	[]%
Certificate Value:	[As stated in Product Condition 1][<i>specify other</i>]
Daily Cash Amount:	[insert Cert Amount as of Launch Date][and thereafter as stated in Product Condition 1][<i>specify other</i>]
Day Count Fraction:	[The number of calendar days from (but excluding) the previous Trading Day to (and including) the current Trading Day divided by 360]
Dividends:	[Applicable][Not Applicable]
Emerging Market Disruption Events:	[As stated in Product Condition 1][<i>specify other</i>]
Entitlement:	[] [Not Applicable]
Exercise Date:	[As stated in Product Condition 1] [<i>specify other</i>]
Final Reference Price:	[As stated in Product Condition 1] [<i>specify other</i>]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Notice Period:	[]

Leverage: [As stated in Product Condition 1][specify other]

Maximum []

Leverage:

Minimum []

Certificate Value:

Rate: [As stated in Product Condition 1][specify other]

Reference Asset:	[Referen ce Asset Compan y:]	Referen ce Asset Currenc y:	[Initial Referen ce Asset Price]:	[Exchang e:]	Initial Quanto Mainte nance Fee Level:	[Weightin g:]
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[Ordinary shares of the Reference Asset Company] [specify other] (Reuters page: [], Bloomberg Code: [])	[]	[]	[]	[]	[]	[]
---	-----	-----	-----	-----	-----	-----

(“**Long Reference Asset**”)

(“[Commodity] [Fund]

[Fund Reference Asset]

Share] [Index]”)

[Ordinary shares of the Reference Asset Company] [specify other] (Reuters page: [], Bloomberg Code: [])	[]	[]	[]	[]	[]	[]
---	-----	-----	-----	-----	-----	-----

(“**Short Reference Asset**”)

(“[Commodity] [Fund]

[Fund Reference Asset]

Share][Index]”)

Reference Asset [As stated in Product Condition 1][specify other]

Price:

Reference Asset [As stated in Product Condition 1][specify other]

Spread Level:

Relevant [As stated in Product Condition 1][specify other]

Currency:

Relevant Number For the purposes of:

of Trading Days:

Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Reference Asset Price: [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]

Reset Dates: [As stated in Product Condition 1][specify other]

Settlement []

Currency:

Spread:

Spread Index Agent: []

Standard Currency: [As stated in Product Condition 1][*specify other*]

Stop Loss Event: [As stated in Product Condition 1][*specify other*]

Stop Loss Price: []

Valuation Date(s): [As stated in Product Condition 1][*specify other*]

Valuation Time: [As stated in Product Condition 1][*specify other*]

Weighting: [As stated in Product Condition 1][As specified in the definition of Spread][*specify other*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [*Symbol:*]

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under

the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series: [] (Long Reference Asset) vs [] (Short Reference Asset) Quanto Spread Open End Certificates Series []

[repeat as above for each new Series]

QUANTO SPREAD OPEN END CERTIFICATES II

Series: [] (Long Reference Asset) vs [] (Short Reference Asset) Quanto Spread Open End Certificates II Series []

Issue Price: []

Absolute Notional Position: [[] and thereafter as stated in Product Condition 1][*specify other*]

Additional Fund Event: [None] [*specify*]

Additional Market Disruption Events: [None] [*specify*]

Business Day: [As stated in Product Condition 1] [*specify other*]

Calculation Period: [As stated in Product Condition 1] [*specify other*] [Not Applicable]

Cash Amount: [As stated in Product Condition 1]
[Specify other Cash Amount or formula for Cash Amount]

Certificate Fee: [As stated in Product Condition 1][*specify other*]

Certificate Fee Level: []%

Certificate Value: [As stated in Product Condition 1][*specify other*]

Daily Cash Amount: [insert initial daily cash amount][and thereafter as stated in Product Condition 1][*specify other*]

Day Count Fraction: [The number of calendar days from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day, divided by 360]

Dividends: [Applicable][Not Applicable]

Emerging Market Disruption Events: [As stated in Product Condition 1][*specify other*]

Entitlement: [] [Not Applicable]

Exercise Date: [As stated in Product Condition 1] [*specify other*]

Final Reference Price: [As stated in Product Condition 1] [*specify other*]

Issuer Call Commencement Date: [] [Not Applicable]

Issuer Call Notice Period: []

Leverage: [As stated in Product Condition 1][*specify other*]

Maximum Leverage: []

Minimum Certificate Value: []

Quanto Maintenance Fee: [As stated in Product Condition 1][specify other]

Rate: [As stated in Product Condition 1][specify other]

Rebalancing Day: [The [6th] calendar day of each [February, May, August and November] or if such day is not a Trading Day the next succeeding Trading Day] [specify other]

Rebalancing Day - 1: [As stated in Product Condition 1][specify other]

Reference Asset:	[Reference Asset Company:]	Reference Asset Currency:	[Initial Reference Asset Price:]	[Exchange:]	Initial Quanto Maintenance Fee Level:	[Weighting:]
------------------	----------------------------	---------------------------	----------------------------------	-------------	---------------------------------------	--------------

[Ordinary shares of the Reference Asset Company] [specify other] (Reuters page: [], Bloomberg Code: [])	[]	[]	[]	[]	[]	[]
---	-----	-----	-----	-----	-----	-----

("Long Reference Asset")
 ("[Commodity] [Fund] [Fund Reference Asset] [Share] [Index]")

[Ordinary shares of the Reference Asset Company] [specify other] (Reuters page: [], Bloomberg Code: [])	[]	[]	[]	[]	[]	[]
---	-----	-----	-----	-----	-----	-----

("Short Reference Asset")
 ("[Commodity] [Fund] [Fund Reference Asset] Share][Index]")

Reference Asset Price: [As stated in Product Condition 1][specify other]

[Means in respect of an Index (1) the current level of such Index or (2) if on a Rebalancing Day - 1, Valuation Date or Issuer Call Date any of the Index Shares close limit up or limit down on such date on the relevant Exchange at the Valuation Time, the official closing level of the Index for such date will be adjusted to reflect the first succeeding non-limit closing price of the relevant Index Shares instead of the limit up or limit down closing price on the relevant date, all as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction or (if in the determination of the Calculation Agent no such level can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the level of the Reference Asset at such time having regard to the then prevailing market conditions the last reported trading price of the Index Shares on the Exchange and such other factors as the Calculation

Agent determines relevant]

Reference Asset Spread Level: [As stated in Product Condition 1][*specify other*]

Relevant Currency: [As stated in Product Condition 1][*specify other*]

Relevant Number of Trading Days: For the purposes 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]

Rebalancing Day - 1: [5, or in respect of an Emerging Market Disruption Event only, 180]

Reset Dates: [As stated in Product Condition 1][*specify other*]

Settlement Currency: []

Spread:

Spread Index Agent: []

Standard Currency: [As stated in Product Condition 1][*specify other*]

Stop Loss Event: [As stated in Product Condition 1][*specify other*]

Stop Loss Price: [An amount determined by the Calculation Agent in accordance with the following formula:

$-0.6 \times CV(r-1)$

Where:

CV(r-1) = Rebalancing Certificate Value]

[specify other]

Valuation Date(s): [As stated in Product Condition 1][*specify other*]

Valuation Time: [As stated in Product Condition 1][*specify other*]

Weighting: [As stated in Product Condition 1][As specified in the definition of Spread][*specify other*]

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN:

[]

Common Code:

[]

Fondscore:

[]

WKN:

[]

Other Securities Code:

[] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

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[]

Series: [] (*Long Reference Asset*) vs [] (*Short Reference Asset*) *Quanto Spread Open End Certificates II Series* []

[*repeat as above for each new Series*]

COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS

OPEN END CERTIFICATES II

Series: *[Commodity] Open End Certificates Series []*

Issue Date: []

Issue Price: [on the Issue Date]

Entitlement: []

Exchange: []

Reference Asset: [on the Issue Date]

Settlement Currency: []

Underlying Currency: []

Amendments to General Conditions and/or Product Conditions: [Not Applicable]

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Fondscod: []

WKN: []

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Page where information about the past and future performance of the Underlying and its volatility can be obtained: []

Series: [Commodity] Futures and Commodity Forward Contracts Open End Certificates Series II []

[repeat as above for each new Series]

COMMODITY FUTURES AND COMMODITY FORWARD CONTRACTS

OPEN END QUANTO CERTIFICATES II

Series: [Commodity] Open End Certificates Series []

Issue Date: []

Issue Price: []

Entitlement: []

Exchange: []

Initial Futures Quanto Maintenance Fee [on the LaunchDate]
Level

Launch Date: []

Reference Asset: [on the LaunchDate]

Settlement Currency: []

Underlying Currency: []

Amendments to General Conditions and/or [Not Applicable]
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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Other Securities Code: [] [Symbol:]

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Page where information about the past and future performance of the Underlying and its volatility can be obtained: []

Series: [Commodity] Futures and Commodity Forward Contracts Open End Certificates Series II []

[repeat as above for each new Series]

ROLLING COVERED CALL OPEN END CERTIFICATES

Series: *Rolling Covered Call Open End Certificates Series []*
 Issue Price: []
 Additional Market Disruption Events: [Not Applicable] *[specify]*
 Basket:

Index	Index Sponsor	Weight	Call Options Exchange	Index Currency
<i>[specify]</i> (“Index A”)	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>
<i>[specify]</i> (“Index B”)	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>
<i>[specify]</i> (“Index C”)	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>
<i>[specify]</i> (“Index D”)	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>

[Note: add or remove the number of indices as applicable. The defined terms "Index A", "Index B", etc. are intended to be used for the purposes of the following provisions: "Initial Set-up Date", "Notional Investment" and "Re-weighting" below]

Business Day: [The definition in Product Condition 1 applies] *[specify other]*
 Cash Amount: [Final Reference Price x Entitlement] *[specify other]*
 Certificate Fee:

[The Certificate Fee (“CF”) will accrue on a monthly basis and will be calculated by the Calculation Agent on the basis of the relevant Certificate Value. The CF will be deducted from the Certificate Value on the Certificate Fee Calculation Date immediately following the Certificate Fee Calculation Time without undue delay by an amount equal to:

$$CF = Fee \times CV \times DCF_{t-1,t}$$

Where:

Fee = []% per annum;

$DCF_{t-1,t}$ = day count fraction between (i-1) and i Rolling Dates; and

CV = Certificate Value at the Valuation Time on a Certificate Fee Calculation Date]

[specify other]

Certificate Value: (i) [As of the Launch Date, the Certificate Value (“CV”) will be equal to [] (“**Initial Certificate Value**”)
 (ii) Otherwise the Certificate Value will be calculated in accordance with the following formula:

$$CV_t = CV_{t-1} \times (SV_t / SV_{t-1})$$

Where:

CV_{t-1} = Certificate Value on the previous Business Day;

SV_t = Strategy Value on Business Day t; and

SV_{t-1} = Strategy Value on the previous Business Day]

	<i>[specify other]</i>
Coupon:	[Applicable. [Each Certificate will pay a coupon of [] per cent. per annum of the Certificate Value on each Coupon Payment Date and will be calculated in accordance with the following formula: Coupon = []% x CV ^{t-1} Where: CV ^{t-1} is the Certificate Value on the Business Day prior to the Coupon Observation Date at the Coupon Observation Time.]] <i>[specify other]</i> [Not Applicable]
Coupon Observation Dates:	[[], commencing []] [Not Applicable]
Coupon Observation Time:	[The time at which the Index Sponsor relating to <i>[specify Index]</i> calculates the official closing price of <i>[specify Index]</i>] <i>[specify other]</i> [Not Applicable]
Coupon Payment Dates:	[Five Business Days following a Coupon Observation Date] <i>[specify other]</i> [Not Applicable]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Entitlement:	[]
Ex Coupon Date:	[Two Business Days after the relevant Coupon Observation Date] <i>[specify other]</i> [Not Applicable]
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date] <i>[specify other]</i>
Exercise Time:	[5.00 p.m. Central European Time] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Initial Rolling Option Strike:	[The initial rolling option strike in relation to each Index shall be determined at the Valuation Time on one Business Day prior to the Launch Date in accordance with the formula set out under "Next Rolling Option Strike"] <i>[specify other]</i>
Initial Set-up Date:	[In relation to each Index: Index A – <i>[specify date]</i> Index B – <i>[specify date]</i> Index C – <i>[specify date]</i> Index D – <i>[specify date]</i> <i>[Note: the definitions of "Index A", "Index B", etc are set out under "Basket" above. Adjust number of indices as applicable.]]</i> <i>[specify other]</i>
Initial Updated Rolling Weight:	[In relation to each Index, at the Rolling Time on Initial Set Up Date (as defined below), the Initial Updated Rolling Weight will be calculated in accordance with the following

formula:

$$W_i^0 = \frac{NI_i * FX_i^0}{(S_i^0 - D_i^0 - C_i^0)}$$

S_i^0 = Level in relation to each Index on Initial Set Up Date

D_i^0 = Expected Dividends in relation to each Index on Initial Set Up Date

C_i^0 = value of the Current Rolling Option in relation to each Index on Initial Set Up Date

FX_i^0 = The Index Exchange Rate on Initial Set Up Date

NI_i = the Notional Investment (defined below) allocated to each Index on Initial Set Up Date]

[*specify other*]

Interim Settlement Amount: [Applicable. *[insert Interim Settlement Amount]* [Not Applicable]

Interim Settlement Amount Payment Dates: [Five Business Days following an Interim Settlement Observation Date] [*specify other*] [Not Applicable]

Interim Settlement Observation Dates: [] [Not Applicable]

Issuer Call: [Applicable][Not Applicable]

Issuer Call Commencement Date: [First Business Day following the three month period from and including the Issue Date and at any time thereafter] [*specify other*] [Not Applicable]

Issuer Call Notice Period: [One month] [*specify other*]

Next Rolling Option: [In relation to each Index, the market bid price of the Index call option which is determined on a Rolling Date immediately following the Rolling Time on a best efforts basis as the exchange traded Index call option with a strike nearest to the Next Rolling Option Strike (as defined below), at the Rolling Time and a duration which is closest to one month. [This is except for [*specify name of Index*] and [*specify name of Index*] which shall be rolled over on a Rolling Date at a time to be decided at the reasonable discretion of the Calculation Agent].] [*specify other*]

Next Rolling Option Strike: [The Next Rolling Option Strike (“**NROSi**”) will be calculated in relation to each Index one Business Day prior to the Rolling Date (“**Index Valuation Date**”) at the Valuation Time based on the level of the Index relative to its 40 and 200 day moving averages on such day as follows:

- (i) If $S_i > 40DMA_i$ and $S_i > 200DMA_i$ then $NROSi = S_i \times 1.03$
- (ii) If $S_i < 40DMA_i$ and $S_i < 200DMA_i$ then $NROSi = S_i \times 0.97$

(iii) Otherwise $NROS_i = S_i$

Where:

S_i = Level in relation to each Index

40DMA_i = 40 day moving average of the Index

200DMA_i = 200 day moving average of the Index]

[specify other]

Notional Investment:

[For each Index, the following amount in cash shall be allocated:

(i) Index A

[specify amount/calculation]

(ii) Index B

[specify amount/calculation]

(iii) Index C

[specify amount/calculation]

(iv) Index D

[specify amount/calculation]

Prior to the Initial Set Up Date, the Notional Investment allocated to each Index shall be in cash.]

[Note: the definitions of "Index A", "Index B", etc are set out under "Basket" above. Adjust number of indices as applicable.]]

[specify other]

Relevant Currency:

[The definition in Product Condition 1 applies] [specify other]

Re-weighting:

[Applicable. [On a [specify period] basis, the Basket will be re-weighted to the Re-Weighting levels as described below.

For each Index, the following re-weighting levels (the "Re-Weighting Levels" or "RLi") will apply:

<u>Index</u>	<u>Re-Weighting Levels ("RLi")</u>
--------------	------------------------------------

Index A	[specify]%
---------	------------

Index B	[specify]%
---------	------------

Index C	[specify]%
---------	------------

Index D	[specify]%%]
---------	--------------

[Note: the definitions of "Index A", "Index B", etc are set out under "Basket" above. Adjust number of indices as applicable.]]

[specify other]

[Not Applicable]

Relevant Number of Trading Days:

For the purposes 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]

Settlement Currency: []

Settlement Date: [The [fifth] Business Day following the relevant or, if more than one, final Valuation Date or the Issuer Call Date, as the case may be]

[*specify other*]

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Strategy: [The Index Basket (“**Basket**”) Rolling Covered Call Strategy (the “**Strategy**”) will be calculated by the Calculation Agent.

The Strategy comprises of (i) a long position in the Basket (taking Expected Dividends into account and Weight) and (ii) a short position in the Current Rolling Option for each Index which will be rolled over on a Rolling Date immediately following the Rolling Time, on a best efforts basis without undue delay[, except for [*specify Index*] and [*specify Index*] which shall be rolled over on a Rolling Date at a time to be decided in the reasonable discretion of the Calculation Agent].]

[*specify other*]

Strategy Components: [The Strategy will be comprised of the following two components:

a) **Basket**

A long position in the Basket (taking Expected Dividends into account and Weight)

b) **“Current Rolling Option”**

In relation to each Index, a call option linked to the Index with a maturity of one month and listed on the Call Options Exchange. The Current Rolling Option is rolled over on the maturity date for the Current Rolling Option on the Call Options Exchange (“**Rolling Date**”) immediately following the period during which the Call Options Exchange calculates the official settlement price for the Current Rolling Option (“**Rolling Time**”) without undue delay to the Next Rolling Option (as defined below). [This is except for [*specify Index*] and [*specify Index*] which shall be rolled over on a Rolling Date to be decided at the reasonable discretion of the Calculation Agent, as specified herein].]

[*specify other*]

Strategy Value: [The Strategy Value (“**SV**”) will be calculated on the basis of

the current weightings and values of the respective components according to the current strategy composition in accordance with the following formula:

$$SV = \sum_{i=1}^4 (W_i * (S_i - D_i - C_i) / FX_i)$$

Where:

Si = Level in relation to each Index;

Wi = Updated Rolling Weight in relation to each Index (as defined below);

Di = Expected Dividends in relation to each Index;

Ci = The value of the Current Rolling Option in relation to each Index; and

FXi = The Index Exchange Rate.]

[specify other]

Underlying Currency:

[]

Updated Rolling Weight:

[The Updated Rolling Weight “ W_i^t ” will be calculated on [Note: use the following language where Interim Settlement is contemplated][an Interim Settlement Observation Date at the Valuation Time in accordance with the following formula:

$$W_i^t = W_i^{t-1} * \left(1 - \frac{\text{InterimSettlementAmount}}{CV^{t-1}} \right); \text{ or}$$

[Note: use the following language where a Coupon is contemplated][a Coupon Observation Date at the Coupon Observation Time in accordance with the following formula:

$$W_i^t = \left(\frac{RL_i (CV^t - \text{Coupon}) * FX_i^t}{(S_i^t - D_i^t - C_i^t)} \right); \text{ or}$$

The Certificate will go ex-coupon at the Ex-Coupon Date.]

On a Rolling Date at the Rolling Time in accordance with the

$$\text{following formula: } W_i^t = W_i^{t-1} * \frac{(S_i - C_i^{t-1})}{(S_i - D_i^t - C_i^t)}; \text{ or}$$

On a Certificate Fee calculation date (the last Business Day of each month), (“**Certificate Fee Calculation Date**”) at the Certificate Fee Calculation Time:

$$W_i^t = W_i^{t-1} * \left(1 - \frac{CF}{CV^{t-1}} \right)$$

Where:

S_i^t = Level in relation to each Index;

CV^{t-1} = Certificate Value prior to Valuation Time or Rolling Time as the case may be;

D_i^t = Expected Dividends in relation to each Index;

C_i^{t-1} = value of the Current Rolling Option in relation to each Index;

C_i = value of the Next Rolling Option in relation to each Index;

W_i^{t-1} = previous Updated Rolling Weight in relation to each Index;

W_i^0 = Initial Updated Rolling Weight in relation to each Index;

FX_i^t = Index Exchange Rate at the Coupon Observation Time on the Coupon Observation Date;

RL_i = the Re-weighting Level for the Index denoted by i;

“i” = a series of whole numbers from one to n, each representing an Index in the series defined in “n” below;

“n” = the number of Indexes comprising the Basket on the relevant Trading Day t; and

CF = Certificate Fee.]

“**Certificate Fee Calculation Time**” means [the time at which the Sponsor relating to [specify index] calculates the official closing price of [specify index]]

[specify other]

Valuation Date(s):

[The last Business Day of [] in each year, commencing from and including []] [specify other]

Valuation Time:

[Close of trading of the Exchange] [specify other]

Amendments to General Conditions and/or Product Conditions:

[Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (iv) addition of clearing system details and applicable clearing rules and

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(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)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

Fondscore: []

WKN: []

Valoren: []

Other Securities Code: [] [Symbol:]

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INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

[Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Index disclaimer(s): []

Series:

Rolling Covered Call Open End Certificates Series []

[repeat as above for each new Series]

ROLLING MINI SHORT OPEN END CERTIFICATES ON AN INDEX

Series:	<i>[Index] Rolling Mini Short Open End Certificates Series</i> []
Additional Market Disruption Events:	[None] <i>[specify]</i>
Business Day:	[As stated in Product Condition 1] <i>[specify other]</i>
Cash Amount:	[(a) Upon Exercise: (Current Financing Level - Final Reference Price) x Current Participation Factor (the “ Exercise Cash Amount ”); or (b) Upon an Issuer Call: (Current Financing Level - Termination Reference Price) x Current Participation Factor (the “ Issuer Call Cash Amount ”); or (c) Following a Knock Out Event: (Current Financing Level – Execution Level) x Current Participation Factor (the “ Knock Out Cash Amount ”),] <i>[specify other]</i>
Current Financing Level:	[As stated in Product Condition 1] <i>[specify other]</i>
Current Leverage Factor:	[As stated in Product Condition 1] <i>[specify other]</i>
Current Participation Factor:	[As stated in Product Condition 1] <i>[specify other]</i>
Current Spread:	[]%
Emerging Market Disruption Events	[As stated in Product Condition 1] <i>[specify other]</i>
Exercise Date:	[The third Business Day preceding the scheduled Valuation Date as provided in Product Condition 3] <i>[specify other]</i>
Exercise Time:	[5.00 p.m. (local time in Frankfurt am Main, Germany)][10.00am local time in Frankfurt am Main, Germany] <i>[specify other]</i>
Final Reference Price:	[As stated in Product Condition 1] <i>[specify other]</i>
Financing Level Currency:	[]
Index	[] <i>[Bloomberg Code]</i>
Initial Current Financing Level:	[]
Initial Current Participation Factor:	[]
Interim Settlement Amount:	[As stated in Product Condition 1] <i>[specify other]</i>
Interim Settlement Event:	[As stated in Product Condition 1] <i>[specify other]</i>
Interim Settlement Factor:	[]
Issue Price:	[]
Issuer Call Commencement Date:	[]
Issuer Call Notice Period:	[One calendar year] <i>[specify other]</i>
Knock Out Event:	[As stated in Product Condition 1] <i>[specify other]</i>
Knock Out Level:	[]

Lower Leverage Limit:	[]
Maximum Execution Valuation Period:	[As stated in Product Condition 1] [<i>specify other</i>]
Maximum Spread:	[]%
Prevailing Rate:	[As stated in Product Condition 1] [<i>specify other</i>]
Re-Financing Event:	[As stated in Product Condition 1][<i>specify other</i>]
Reference Price:	[As stated in Product Condition 1] [<i>specify other</i>]
Relevant Currency:	[As stated in Product Condition 1][<i>specify other</i>]
Relevant Number of Trading Days:	For the purposes 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]
Reset Date:	[As stated in Product Condition 1] [<i>specify other</i>]
Security Value:	[As stated in Product Condition 1][<i>specify other</i>]
Settlement Currency:	[]
Settlement Date:	[the fifth Business Day following the Valuation Date, the Knock Out Event, Issuer Call Date or Interim Settlement Event, as the case may be]
Standard Currency:	[As stated in Product Condition 1][<i>specify other</i>]
Stop Loss Level:	[95% multiplied by the immediately preceding Reference Price]
Target Leverage Factor:	[]
Upper Leverage Limit:	[]
Valuation Date(s):	[The last Trading Day of March in each year, commencing from and including March [<i>year</i>]] [<i>specify other</i>]
Valuation Time:	[the time with reference to which the Index Sponsor calculates the closing level of the Index]

Amendments to General Conditions and/or Product Conditions:

[Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one 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 formulae; (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 interests 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)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN:

[]

Common Code:

[]

Fondscore:

[]

WKN:

[]

Valoren:

[]

Other Securities Code:

[] [Symbol:]

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Index disclaimer(s): []

Series:

[Index] Rolling Mini Short Open End Certificates Series
[]

[repeat as above for each new Series]

[The following shall be applicable to all Final Terms.]

NO SIGNIFICANT CHANGE AND NO MATERIAL ADVERSE CHANGE

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).

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 Base Prospectus 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.]