

28 April 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES")

(EIGHTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectus with respect to the registration document of The Royal Bank of Scotland plc dated 7 March 2014 which was published on 7 March 2014; and

(ii) to update the Base Prospectus with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published on 4 April 2014.

1. On the cover page of the Base Prospectus, the second paragraph shall be replaced as follows:

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Conduct Authority*; the "**FCA**"), as well as in connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**").

2. In the Base Prospectus, section "**SUMMARY**", Element B.4B ("KNOWN TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES"), shall be replaced as follows:

B.4B	KNOWN TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES
	<p>Key broad trends which affect the businesses and performance of the Issuer, the Issuer Group and the Group (each as defined in Element B.5 below):</p> <p>The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of its efforts to refocus on its core strengths and the timely divestment of RBS Citizens. The Group has undertaken since 2009 an extensive restructuring, including the disposal of non-core assets as well as businesses as part of the State Aid restructuring plan approved by the European Commission. The Group recently created the RBS Capital Resolution Group (RCR) to manage the rundown of problem assets with a clear aspiration to remove such assets from the balance sheet in three years. The ability to dispose of assets and businesses and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain challenging, and there is no assurance that the Group will be able to sell or run down (as applicable) those remaining businesses it is seeking to exit or asset portfolios either on favourable economic terms to the Group or at all. The Group has also taken steps to strengthen its capital position and established medium term targets which will require the timely divestment of RBS Citizens to achieve. Since the end of the third quarter of 2013, the Group has been conducting a review of its activities which has resulted in additional changes to the Group's strategic goals. It is now intended to further simplify and downsize the Group with an increased focus on service to its customers. As part of simplifying the Group, the current divisional structure will be replaced by three new customer segments, covering Personal & Business, Commercial & Private Banking and Corporate & Institutional Banking. As part of this reorganisation of the business, the intention will be to remain in businesses where the Group can be number one for its customers. For those businesses where that is not the case, the Group will either fix, close or dispose of such businesses. This reorganisation, together with investment in technology and more efficient support functions are intended to deliver significant improvements in the Group's return on equity and costs to income ratio in the longer term.</p> <p>The level of structural change required to implement the Group's strategic and capital goals together with other regulatory requirements such as ring-fencing are likely to be disruptive and increase operational risks for the Group. There is no assurance that the Group will be able to successfully implement its new strategy on which its capital plan depends or achieve its goals within the time frames contemplated or at all. Despite the improved outlook for the global economy over the near to medium-term, actual or perceived difficult global economic conditions and increased competition, particularly in the United Kingdom, create challenging economic and market conditions and a difficult operating environment</p>

for the Group's businesses. The Group has material exposure to borrowers in a number of sectors, particularly shipping. This sector has experienced falling revenues and declining asset values. If global economic growth remains subdued, losses in these sectors may increase unexpectedly. All of these factors, together with additional uncertainty relating to the recovery of the Eurozone economy where the Group has significant exposure and the risk of a return of volatile financial markets, in part due to the monetary policies and measures carried out by central banks, contributed to continued pressure on revenues, margins and return on equity across the financial sector, and have adversely affected and will continue to adversely affect the Group's businesses, earnings, financial condition and prospects.

Although the outcome of the referendum on Scottish independence is uncertain, subject to any mitigating factors, the uncertainties resulting from an affirmative vote in favour of independence would be likely to significantly impact the Group's credit ratings and could also impact the fiscal, monetary, legal and regulatory landscape to which the Group is subject. Were Scotland to become independent, it may also affect Scotland's status in the EU. The occurrence of any of the impacts above could significantly impact the Group's costs and would have a material adverse effect on the Group's business, financial condition, results of operations, and prospects.

The Group is subject to substantial regulation and oversight, and any significant regulatory or legal developments such as those which have occurred over the past several years could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition. Certain regulatory measures introduced in the UK and in Europe relating to ring-fencing of bank activities may affect the Group's borrowing costs, may impact product offerings and the viability of certain business models and require significant restructuring with the possible transfer of a large number of customers between legal entities.

The Group is subject to a number of regulatory initiatives which may adversely affect its business, including the UK Government's adoption of the Financial Services (Banking Reform) Act 2013, the US Federal Reserve's new rules for applying US capital, liquidity and enhanced prudential standards to certain of the Group's US operations and ongoing reforms in the European Union with respect to capital requirements, stability and resolution of financial institutions, including the Capital Requirements Directive (CRD IV) and other currently debated proposals such as the Resolution and Recovery Directive (RRD).

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 inability to access liquidity and funding due to market conditions or otherwise or to do so at a reasonable cost due to increased regulatory constraints, could adversely affect the Group's financial condition and results of operations. Furthermore, the Group's borrowing costs and its access to the debt capital markets and other sources of liquidity depend significantly on its

and the UK Government's credit ratings which would be likely to be negatively impacted by political events, such as an affirmative outcome of the referendum for the independence of Scotland.

The Group's business performance, financial condition and capital and liquidity ratios could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements, including those arising out of Basel III implementation (globally or by European, UK or US authorities) as well as structural changes that may result from the implementation of ring-fencing under the Financial Services (Banking Reform) Act 2013 or proposed changes of the US Federal Reserve with respect to the Group's US operations. The Group's ability to reach its target capital ratios in the medium term will turn on a number of factors including a significant downsizing of the Group in part through the sale of RBS Citizens.

The Group is, and may be, subject to litigation and regulatory and governmental investigations that may impact its business, reputation, results of operations and financial condition. For example, the Group is involved in ongoing class action litigation, investigations into foreign exchange trading and rate setting activities, continuing LIBOR related litigation and investigations, securitisation and securities related litigation, and anti-money laundering, sanctions, mis-selling and compliance related investigations, in addition to a number of other matters. Although the Group settled a number of legal proceedings and regulatory investigations during 2013, the Group is expected to continue to have a material exposure to legacy litigation and regulatory matter proceedings in the medium term. Material additional provisions were required by the Group in 2013 to cover various claims and conduct related matters affecting Group companies. The Group also expects greater regulatory and governmental scrutiny for the foreseeable future particularly as it relates to compliance with new and existing laws and regulations such as corporate governance, employee compensation, conduct of business, anti-money laundering and anti-terrorism laws and regulations, as well as the provisions of applicable sanctions programmes and the impact of the increasing focus on conduct risk and customer outcomes.

The Group is highly dependent on its information technology systems and has been and will continue to be subject to cyber attacks which expose the Group to fraudulent activity and loss of customer data or other sensitive information. Failures of the Group's information technology systems could, among other things, hinder its ability to service its clients which could result in long-term damage to the Group's business and brand.

The Royal Bank of Scotland Group plc ("**RBSG**") or any of its UK bank subsidiaries may face the risk of full nationalisation or other resolution procedures, including recapitalisation of RBSG or any of its UK bank subsidiaries through bail-in which has been introduced by the Financial Services (Banking Reform) Act 2013 and will come into force on a date stipulated by HM Treasury. These various actions could be taken by or on behalf of the UK

Government, including actions in relation to any securities issued and new or existing contractual arrangements and transfers of part or all of the Group's businesses.

As a result of the UK Government's majority shareholding in RBSG it may be able to exercise a significant degree of influence over the Group including on dividend policy, the election of directors or appointment of senior management or limiting the Group's operations. The offer or sale by the UK Government of all or a portion of its shareholding in RBSG could affect the market price of the equity shares and other securities.

The actual or perceived failure or worsening credit of the Group's counterparties or borrowers, including sovereigns in the Eurozone, and depressed asset valuations resulting from poor market conditions have led the Group to realise and recognise significant impairment charges and write-downs which have adversely affected the Group and could continue to adversely affect the Group if, due to a deterioration in economic and financial market conditions or continuing weak economic growth, it were to recognise or realise further write-downs or impairment charges.

Recent developments in regulatory or tax legislation and any further significant developments could have an effect on how the Group conducts its business and on its results of operations and financial condition, and the recoverability of certain deferred tax assets recognised by the Group is subject to uncertainty.

The Group is required to make contributions to its pension schemes and to compensation schemes in respect of certain financial institutions, either of which, independently or in conjunction with additional or increased contribution requirements may have an adverse impact on the Group's results of operations, cash flow and financial condition.

The Group has a number of major projects underway, the successful conclusion of which is essential if it is to meet new regulatory and strategic requirements. These new requirements affect its organisational structure, its business strategies, its information technology systems, its operational processes and its product offerings. Given the number, scale and complexity of these projects, the Group may not complete them successfully, or at all. If the Group does not complete these projects successfully, the interests of customers may be affected, necessitating customer redress. The Group may also incur regulatory fines, lose market share and suffer damage to its reputation.

The Group is undergoing significant organisational change, the result of a need to implement new business strategies and respond to a changing external environment. The pace of change, coupled with the associated uncertainty may cause experienced staff members to leave the Group and prospective staff members not to join. If it cannot retain or attract the necessary staff members, the Group may be unable to implement its business strategies or meet regulatory requirements on time, or at all. It may also experience control failures. The Group's reputation may suffer as a result.

3. In the Base Prospectus, section "**SUMMARY**", Element B.12 ("SELECTED HISTORICAL KEY FINANCIAL INFORMATION OF THE ISSUER"), as updated by Supplements dated 31 January 2014 and 4 September 2013, the subsections "NO MATERIAL ADVERSE CHANGE IN THE PROSPECTS OF THE ISSUER" and "SIGNIFICANT CHANGES IN THE FINANCIAL POSITION OF THE GROUP SUBSEQUENT TO THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION" shall be replaced as follows:

	NO MATERIAL ADVERSE CHANGE IN THE PROSPECTS OF THE ISSUER
	Save for regulatory and redress provisions with respect to litigation, investigations, reviews and conduct-related matters, increased provisions for Payment Protection Insurance (PPI) redress and related costs and for interest rate hedging products redress and administration costs, loan impairment provisions and impairments and other losses related to the establishment of the RBS Capital Resolution Group (the " RCR "), there has been no material adverse change in the prospects of the Issuer since 31 December 2012.
	SIGNIFICANT CHANGES IN THE FINANCIAL POSITION OF THE GROUP SUBSEQUENT TO THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION
	Save for regulatory and redress provisions with respect to litigation, investigations, reviews and conduct-related matters, increased provisions for Payment Protection Insurance (PPI) redress and related costs and for interest rate hedging products redress and administration costs, loan impairment provisions and impairments and other losses related to the establishment of the RCR, there has been no significant change in the financial position of the Issuer Group taken as a whole since 30 June 2013.

4. In the Base Prospectus, section "**SUMMARY**", Element B.15 ("ISSUER'S PRINCIPAL ACTIVITIES") shall be replaced as follows:

B.15	ISSUER'S PRINCIPAL ACTIVITIES
	<p>The Group's activities during 2013 were organised on a divisional basis as follows:</p> <ul style="list-style-type: none"> • Retail and Commercial: <ul style="list-style-type: none"> • <i>UK Retail</i>: a comprehensive range of banking products and related financial services to the personal market in the United Kingdom • <i>UK Corporate</i>: banking, finance and risk management services to the corporate and small and medium-size enterprise (SME) sector in the United Kingdom • <i>Wealth</i>: private banking and investment services • <i>International Banking</i>: financing, transaction services and risk management • <i>Ulster Bank</i>: a comprehensive range of financial services through both its retail and corporate banking divisions • <i>US Retail and Commercial</i>: financial services primarily through the Citizens and Charter One brands • Markets: an origination, sales and trading business across debt finance, fixed income and currencies • Central Functions: comprises Group and corporate functions, such as treasury, finance, risk management, compliance, legal, communications and human resources • Non-Core: managed separately assets that the Group intends to run off or dispose of • Business Services: supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services. <p>An internal 'bad bank', the RBS Capital Resolution Group (the "RCR"), became fully operational on 1 January 2014. In order to release capital, RCR was created to manage down a pool of approximately £38 billion of assets with particularly high long-term capital intensity, credit risk and/or potentially volatile outcomes in stressed environments. Whilst the RCR is of a similar size to the Non-Core division, the assets have been selected on a different basis and no direct comparisons can be drawn.</p> <p>In November 2013, the Group announced that it was undertaking a comprehensive business review of its customer-facing business, IT and operations and organisational and decision making structures. The aim of the review was to improve the Group's performance and effectiveness in serving its customers, shareholders and wider stakeholders. The Group announced the results of its Strategic review in February 2014,</p>

	resulting in a decision to realign into three businesses: Personal & Business Banking, Commercial & Private Banking and Corporate & Institutional Banking. In addition, the Group will be rationalising and simplifying its systems, based on a target architecture with improved resilience.
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5. In the Base Prospectus, section "**SUMMARY**", Element D.2 ("KEY RISKS SPECIFIC TO THE ISSUER") shall be replaced as follows:

D.2	KEY RISKS SPECIFIC TO THE ISSUER
	<p>The Issuer could fail or otherwise be unable to make the payments owing under the Securities. If that happens, investors will not have the protection of any deposit insurance scheme and the Securities will not be secured, and investors may lose some or up to all of their money. As part of a global financial services group the Issuer is subject to a number of key risks of the Group:</p> <ul style="list-style-type: none"> • The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's plans to refocus on its core strengths and the timely divestment of RBS Citizens. • The Group is subject to political risks. • The Group is subject to a number of legal, regulatory and governmental actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the Group's operating results or reputation. • The 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. • Operational risks are inherent in the Group's businesses. • The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected. • The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions. • The Group has significant exposure to a weakening of the nascent economic recovery in Europe. • The Group and its UK bank subsidiaries are subject to the provisions of the Banking Act 2009, as amended by the Banking Reform Act 2013, which includes special resolution powers including nationalisation and bail-in. • The Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan. • HM Treasury (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of securities issued by the Group. • The Group is subject to other global risks.

- 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'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 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 regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of the Group's key regulators has had and is likely to continue to have a material adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on competition and structural reforms in the UK banking industry has been substantially adopted by the UK Government through the passage of the Banking Reform Act 2013. In addition, other proposals to ring-fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the Group's US operations together with the UK reforms could require structural changes to the Group's business. Any of these changes could have a material adverse effect on the Group.
- The Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the Group, including the write off, write-down or conversion of the Group's securities.
- The Group's operations are highly dependent on its information technology systems.
- The Group's operations have inherent reputational risk.
- The Group may suffer losses due to employee misconduct.
- 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.
- 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 financial performance of the Group has been, and continues to be, materially

affected by counterparty credit quality and deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.

- 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 value or effectiveness of any credit protection that the Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- In the United Kingdom and in other jurisdictions, the 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 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's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits
- The Issuer has reached agreement with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer or that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.

6. In the Base Prospectus, section "ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)", Element B.4B ("BEKANNTE TRENDS, DIE SICH AUF DIE EMITTENTIN UND DIE BRANCHEN, IN DENEN SIE TÄTIG IST, AUSWIRKEN") shall be replaced as follows:

B.4B	BEKANNTE TRENDS, DIE SICH AUF DIE EMITTENTIN UND DIE BRANCHEN, IN DENEN SIE TÄTIG IST, AUSWIRKEN
	<p>Wesentliche allgemeine Trends, die sich auf die Geschäftstätigkeit und Entwicklung der Emittentin, der Emittentengruppe und der Gruppe (wie jeweils nachstehend unter Gliederungspunkt B.5 definiert) auswirken:</p> <p>Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg ihrer Bemühungen ab, sich wieder auf ihre Kernstärken und die rechtzeitige Veräußerung des Bereichs RBS Citizens zu konzentrieren. Die Gruppe wird seit 2009 in erheblichem Maße umstrukturiert, wobei auch Vermögenswerte des Nicht-Kerngeschäfts sowie Geschäftstätigkeiten im Rahmen des von der Europäischen Kommission genehmigten Restrukturierungsplans im Zusammenhang mit der Staatshilfe veräußert wurden. Die Gruppe hat kürzlich die <i>RBS Capital Resolution Group (RCR)</i> zur Steuerung des Abbaus problematischer Vermögenswerte gebildet mit dem klaren Ziel, diese Vermögenswerte innerhalb von drei Jahren aus der Bilanz zu entfernen. Die Fähigkeit zur Veräußerung bestimmter Vermögenswerte und Geschäftsbereiche und der dabei erzielte Veräußerungspreis hängen von den jeweils vorherrschenden Wirtschafts- und Marktbedingungen ab, die weiterhin anspruchsvoll sind. Es ist nicht sicher, dass die Gruppe in der Lage sein wird, die verbleibenden Geschäftsaktivitäten, von denen sie sich trennen will, entweder zu veräußern oder abzubauen, oder Portfolien, die sie veräußern will, zu wirtschaftlich vorteilhaften Bedingungen für die Gruppe oder überhaupt zu veräußern. Die Gruppe hat außerdem Schritte zur Stärkung ihrer Kapitalausstattung unternommen und sich mittelfristige Ziele gesetzt, die nur bei rechtzeitiger Veräußerung des Bereichs RBS Citizens erreicht werden können. Seit Ende des dritten Quartals 2013 führt die Gruppe eine Prüfung ihrer Aktivitäten durch, die zu weiteren Änderungen der strategischen Ziele der Gruppe geführt hat. Aktuell ist geplant, die Gruppe weiter in ihrer Struktur zu vereinfachen und zu verkleinern, mit stärkerem Schwerpunkt auf die Serviceleistungen für Kunden. Im Rahmen der Vereinfachung der Struktur der Gruppe wird die derzeitige Bereichsstruktur durch drei neue Kundensegmente ersetzt, nämlich Privat- & Geschäftskunden (<i>Personal & Business</i>), Firmenkunden & Private Banking (<i>Commercial & Private Banking</i>) sowie Unternehmens- & Institutionelle Kunden (<i>Corporate & Institutional Banking</i>). Im Rahmen dieser Umstrukturierung des Geschäfts ist beabsichtigt, weiterhin in Geschäftsbereichen tätig zu sein, in denen die Gruppe die Nummer Eins für ihre Kunden sein kann. Geschäftsbereiche, bei denen dies nicht der Fall ist, wird die Gruppe entweder neu ausrichten, schließen oder veräußern. Diese Umstrukturierung soll zusammen mit Investitionen in Technologie und einer höheren Effizienz der Bereiche zur Unterstützung des Geschäfts längerfristig zu bedeutenden Verbesserungen der Kapitalrenditen und des</p>

Verhältnisses zwischen Kosten und Ertrag der Gruppe führen.

Durch den Umfang der strukturellen Veränderungen, die zur Umsetzung der strategischen Ziele und Kapitalziele sowie zur Erfüllung regulatorischer Anforderungen wie der Abschirmung bestimmter Unternehmensteile (*ring-fencing*) erforderlich sind, werden wahrscheinlich vorhandene Strukturen gestört und die betrieblichen Risiken für die Gruppe erhöht. Es ist nicht sicher, dass die Gruppe ihre neue Strategie, von der ihre Kapitalplanung abhängt, erfolgreich umsetzen oder ihre Ziele innerhalb des vorgesehenen Zeitrahmens oder überhaupt erreichen kann. Trotz der besseren kurz- bis mittelfristigen Prognosen für die globale Konjunktur führen die tatsächlichen oder vermuteten schwierigen Konjunkturbedingungen weltweit und ein erhöhter Wettbewerb, insbesondere im Vereinigten Königreich, zu anspruchsvollen Wirtschafts- und Marktbedingungen und einem schwierigen operativen Umfeld für die Geschäfte der Gruppe. Die Gruppe hat erhebliche Darlehen an Darlehensnehmer in zahlreichen Branchen und insbesondere im Schifffahrtsbereich ausgegeben. In dieser Branche sind Ertragsrückgänge und Wertverluste festzustellen. Bei einem weiterhin schwachen globalen Wirtschaftswachstum können Verluste in diesen Branchen unerwartet steigen. All diese Faktoren, neben weiteren Unsicherheiten in Bezug auf die Erholung der Wirtschaft im Euroraum, wo die Gruppe erhebliche Darlehen ausgegeben hat, und das Risiko einer erneuten Volatilität der Finanzmärkte, teilweise aufgrund der Geldmarktpolitik und Maßnahmen der Notenbanken, haben zu dem anhaltenden Druck auf Umsätze, Margen und Kapitalrenditen in der gesamten Finanzbranche beigetragen und das Geschäft der Gruppe, ihr Betriebsergebnis, ihre Finanzlage und Aussichten beeinträchtigt und werden diese auch weiterhin beeinträchtigen.

Obwohl das Ergebnis des Referendums für die Unabhängigkeit Schottlands ungewiss ist, hätten die Unsicherheiten infolge einer Abstimmung zugunsten der Unabhängigkeit (auch wenn diese noch durch verschiedene Umstände abgeschwächt werden können) wahrscheinlich erhebliche Auswirkungen auf die Kreditratings der Gruppe und könnten auch Auswirkungen auf das steuerliche, finanzielle, rechtliche und aufsichtsrechtliche Umfeld haben, in dem die Gruppe tätig ist. Würde Schottland unabhängig, so könnte dies auch die Stellung von Schottland innerhalb der EU beeinflussen. Der Eintritt eines der vorstehenden Ereignisse könnte erhebliche Auswirkungen auf die Kosten der Gruppe haben und würde das Geschäft der Gruppe, ihre Finanzlage, ihr Betriebsergebnis und ihre Aussichten erheblich beeinträchtigen.

Die Gruppe ist in starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche oder rechtliche Entwicklungen, wie sie über die letzten Jahre eingetreten sind, könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken. Bestimmte im Vereinigten Königreich und in Europa eingeführte aufsichtsrechtliche Maßnahmen im Hinblick auf die Abschirmung von Bankgeschäft könnten Auswirkungen auf die Fremdkapitalkosten der Gruppe haben,

Produktplatzierungen und die Umsetzbarkeit bestimmter Geschäftsmodelle beeinflussen sowie zu einem erheblichen Umstrukturierungsbedarf mit einer möglichen Übertragung zahlreicher Kunden zwischen verschiedenen Rechtsträgern führen.

Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Dazu gehören die Verabschiedung des *Financial Services (Banking Reform) Act 2013* durch die britische Regierung, die neuen Vorschriften der US-Notenbank (*Federal Reserve*), auf Teile der US-amerikanischen Geschäftsaktivitäten der Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, sowie aktuelle Reformen in der Europäischen Union im Hinblick auf Kapitalanforderungen, Stabilität und Abwicklung von Finanzinstituten, einschließlich der Eigenkapitalrichtlinie (CRD IV) und weiterer derzeit diskutierter Vorschläge, etwa für die Sanierungs- und Abwicklungsrichtlinie (RRD).

Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von ihrer Fähigkeit ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten. Ein fehlender Zugang zu Liquidität und Refinanzierungsmöglichkeiten aufgrund der Marktbedingungen oder aus anderen Gründen oder ein fehlender Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu angemessenen Kosten aufgrund stärkerer aufsichtsrechtlicher Beschränkungen könnte die Finanzlage und das Betriebsergebnis der Gruppe beeinträchtigen. Zudem hängen die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Fremdkapitalmärkten sowie ihre Liquidität entscheidend von dem Kreditrating der Gruppe sowie dem Kreditrating des britischen Staates ab. Diese Kreditratings könnten durch politische Ereignisse, wie etwa eine Zustimmung zum Referendum für die Unabhängigkeit Schottlands, beeinträchtigt werden.

Geschäftsentwicklung, Finanzlage, Kapitalquoten und Liquiditätsgrad der Gruppe könnten beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden, etwa durch die Umsetzung der Anforderungen von Basel III (auf globaler Ebene oder durch europäische, britische oder US-amerikanische Behörden), sowie infolge struktureller Veränderungen, die aus der Umsetzung der Abschirmung von Geschäftsaktivitäten (*ring-fencing*) nach dem *Financial Services (Banking Reform) Act 2013* resultieren können, oder geplanter Änderungen der US-amerikanischen Zentralbank (*Federal Reserve*) im Hinblick auf die US-amerikanischen Geschäftsaktivitäten der Gruppe. Die Fähigkeit der Gruppe, ihre geplanten Kapitalquoten mittelfristig zu erzielen, wird von einer Reihe von Faktoren abhängen, unter anderem einer wesentlichen Verkleinerung der Gruppe wie durch die Veräußerung des Bereichs RBS Citizens.

Die Gruppe ist verschiedenen Klagen sowie aufsichtsrechtlichen und staatlichen Untersuchungen ausgesetzt, die ihr Geschäft, ihren Ruf, ihre operativen Ergebnisse und

ihre Finanzlage beeinträchtigen können, und kann auch zukünftig solchen Klagen und Untersuchungen ausgesetzt sein. Die Gruppe ist neben einer Vielzahl weiterer Verfahren beispielsweise in laufende Sammelklageverfahren involviert, in Untersuchungen von Devisengeschäften und der Festlegung von Zinssätzen, laufende Klagen und Untersuchungen im Hinblick auf den LIBOR-Zinssatz, Klagen in Zusammenhang mit Verbriefungen und Wertpapieren sowie Untersuchungen in Zusammenhang mit Geldwäsche, Sanktionslisten, Falschberatung und der Einhaltung von aufsichtsrechtlichen Vorschriften. Obwohl die Gruppe im Jahr 2013 eine Reihe von Gerichtsverfahren und aufsichtsrechtlichen Untersuchungen beigelegt hat, ist davon auszugehen, dass die Gruppe mittelfristig weiterhin in großem Umfang in bereits anhängige Gerichts- und aufsichtsrechtliche Verfahren involviert sein wird. Die Gruppe musste in 2013 zusätzliche Rückstellungen in wesentlicher Höhe bilden, um die zahlreichen Klagen und Verfahren im Hinblick auf Fehlverhalten für die Gruppengesellschaften abzudecken. Die Gruppe erwartet ferner, dass sie in absehbarer Zukunft in verstärktem Maße einer aufsichtsrechtlichen und staatlichen Überprüfung unterliegen wird, insbesondere im Hinblick auf die Einhaltung von neuen und bestehenden Vorschriften, wie im Hinblick auf Anforderungen an die Unternehmenskontrolle (*Corporate Governance*), Vergütung von Mitarbeitern, Regeln für die Geschäftsführung, Vermeidung von Geldwäsche und Einhaltung von Vorschriften zur Terrorismusbekämpfung sowie von anwendbaren Sanktionsprogrammen und im Hinblick auf die Auswirkungen des zunehmenden Fokus auf Verhaltensrisiken und auf das Ergebnis für den Kunden.

Die Gruppe ist in hohem Maße von ihren IT-Systemen abhängig und war bereits Cyberangriffen ausgesetzt, die zu betrügerischen Aktivitäten (und wird dies wohl auch in Zukunft sein), zum Verlust von Kundendaten und anderen sensiblen Informationen führen können, und wird auch zukünftig solchen Angriffen ausgesetzt sein. Ein Ausfall der IT-Systeme der Gruppe könnte unter anderem zu einer schlechteren Kundenbetreuung führen, was wiederum zu einem langfristigen Schaden für Geschäft und Marke der Gruppe führen könnte.

The Royal Bank of Scotland Group plc ("**RBSG**") und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder anderen Abwicklungsverfahren ausgesetzt sein, einschließlich einer Rekapitalisierung der RBSG oder einer ihrer Banktochtergesellschaften im Vereinigten Königreich durch einen sog. „*bail-in*“ (Beteiligung von Anteilseignern und Gläubigern an einer zwangsweisen Umstrukturierung einer Bank), der durch den *Financial Services (Banking Reform) Act 2013* eingeführt wurde und an einem von HM Treasury festgelegten Tag in Kraft tritt. Durch oder für den britischen Staat können verschiedene Maßnahmen getroffen werden, unter anderem im Hinblick auf begebene Wertpapiere und neue oder bestehende vertragliche Vereinbarungen oder eine teilweise oder vollständige Übertragung von Geschäftsbereichen der Gruppe.

Infolge der Mehrheitsbeteiligung des britischen Staates an der RBSG ist dieser in der Lage, einen wesentlichen Einfluss auf die Gruppe auszuüben, z.B. im Hinblick auf die Dividendenpolitik, die Wahl von Verwaltungsratsmitgliedern oder die Bestellung von anderen Führungskräften oder die Beschränkung der operativen Tätigkeit der Gruppe. Ein Angebot oder der Verkauf der Beteiligung des britischen Staates an der RBSG oder eines Teils der Beteiligung könnte Auswirkungen auf den Marktpreis der Aktien und von anderen Wertpapieren haben.

Der tatsächliche oder vermutete Ausfall oder die tatsächliche oder vermutete Verschlechterung der Kreditwürdigkeit von Geschäftspartnern oder Schuldern der Gruppe, einschließlich Staaten der Eurozone, und die sich aus dem schwachen Marktumfeld ergebende niedrige Bewertung von Vermögensgegenständen hat zu erheblichen Wertverlusten und Abschreibungen für die Gruppe geführt, die die Gruppe beeinträchtigt haben und weiterhin beeinträchtigen könnten, falls sie infolge einer Verschlechterung der Wirtschafts- und Finanzmarktlage oder eines weiterhin schwachen Wirtschaftswachstums weitere Abschreibungen oder Wertminderungen vornimmt.

Aktuelle aufsichts- oder steuerrechtliche Veränderungen sowie weitere wesentliche Entwicklungen könnten sich auf die Geschäftstätigkeit der Gruppe sowie ihr Betriebsergebnis und ihre Finanzlage auswirken, und die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche ist unsicher.

Die Gruppe muss weitere Beiträge für ihre Pensionssysteme und Entschädigungseinrichtungen betreffend bestimmte Finanzinstitute aufbringen, was sich – unabhängig oder in Verbindung mit zusätzlich zu leistenden oder erhöhten Beiträgen – jeweils nachteilig auf die Geschäftsergebnisse der Gruppe sowie ihren Barmittelfluss und ihre Finanzlage auswirken kann.

Die Gruppe hat eine Reihe laufender größerer Projekte, deren erfolgreicher Abschluss für die Einhaltung neuer aufsichtsrechtlicher und strategischer Vorgaben unerlässlich ist. Diese neuen Vorgaben betreffen die Organisationsstruktur, Geschäftsstrategien, IT-Systeme, Betriebsabläufe und das Produktangebot der Gruppe. Angesichts der Anzahl, des Umfangs und der Komplexität dieser Projekte ist es möglich, dass die Gruppe sie nicht erfolgreich oder überhaupt nicht abschließt. Sollte es nicht zu einem erfolgreichen Projektabschluss kommen, könnten die Rechte von Kunden beeinträchtigt werden, was eine Entschädigung der Kunden erforderlich machen könnte. Ferner könnte die Gruppe mit Bußgeldern von Aufsichtsbehörden belegt werden, Marktanteile verlieren oder einen Reputationsverlust erleiden.

Die Organisationsstruktur der Gruppe wird momentan im großen Umfang verändert, was das Ergebnis einer notwendigen Umsetzung neuer Geschäftsstrategien und eine Reaktion auf ein sich veränderndes äußeres Umfeld ist. Die Geschwindigkeit dieser Umstrukturierung und die damit verbundene Unsicherheit könnten zum Weggang

	<p>erfahrener Mitarbeiter führen und den Einstieg neuer Mitarbeiter verhindern. Sollte es der Gruppe nicht gelingen, die notwendigen Mitarbeiter zu halten oder zu gewinnen, kann sie möglicherweise ihre Geschäftsstrategien nicht umsetzen oder die aufsichtsrechtlichen Vorgaben nicht rechtzeitig oder überhaupt nicht einhalten. Fehler in der internen Kontrolle sind ebenfalls möglich. Infolgedessen könnte die Reputation der Gruppe leiden.</p>
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7. In the Base Prospectus, section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.12 ("AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN"), as updated by Supplements dated 31 January 2014 and 4 September 2013, the subsections "WESENTLICHE NEGATIVE VERÄNDERUNGEN IN DEN AUSSICHTEN DER EMITTENTIN SEIT DEM DATUM DES LETZTEN VERÖFFENTLICHTEN GEPRÜFTEN JAHRESABSCHLUSSES" and "WESENTLICHE VERÄNDERUNGEN IN DER FINANZLAGE DER GRUPPE NACH DEM VON DEN HISTORISCHEN FINANZINFORMATIONEN ABGEDECKTEM ZEITRAUM" shall be replaced as follows:

	KEINE WESENTLICHEN NEGATIVEN VERÄNDERUNGEN IN DEN AUSSICHTEN DER EMITTENTIN
	Bis auf Rückstellungen für aufsichtsrechtliche und Entschädigungsmaßnahmen im Hinblick auf Gerichtsverfahren, Untersuchungen, Überprüfungen und Fehlverhalten, gestiegene Rückstellungen für Entschädigungsleistungen in Zusammenhang mit Restschuldversicherungen (<i>Payment Protection Insurance</i>) und damit verbundenen Kosten sowie für Entschädigungs- und Verwaltungskosten in Zusammenhang mit Zinsabsicherungsprodukten, Wertberichtigungen von Krediten und Abschreibungen und sonstige Verluste in Zusammenhang mit der Bildung der RBS Capital Resolution Group (die " RCR ") hat es keine wesentliche negative Veränderung in den Aussichten der Emittentin seit dem 31. Dezember 2012 gegeben.
	WESENTLICHE VERÄNDERUNGEN IN DER FINANZLAGE DER GRUPPE NACH DEM VON DEN HISTORISCHEN FINANZINFORMATIONEN ABGEDECKTEN ZEITRAUM
	Bis auf Rückstellungen für aufsichtsrechtliche und Entschädigungsmaßnahmen im Hinblick auf Gerichtsverfahren, Untersuchungen, Überprüfungen und Fehlverhalten, gestiegene Rückstellungen für Entschädigungsleistungen in Zusammenhang mit Restschuldversicherungen (<i>Payment Protection Insurance</i>) und damit verbundenen Kosten sowie für Entschädigungs- und Verwaltungskosten in Zusammenhang mit Zinsabsicherungsprodukten, Wertberichtigungen von Krediten und Abschreibungen und sonstige Verluste in Zusammenhang mit der Bildung der RCR hat es keine wesentliche Veränderung in der Finanzlage der Emittentengruppe als Ganzes seit dem 30. Juni 2013 gegeben.

8. In the Base Prospectus, section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.15 ("**HAUPTTÄTIGKEITSBEREICHE DER EMITTENTIN**") shall be replaced as follows:

B.15	HAUPTTÄTIGKEITSBEREICHE DER EMITTENTIN
	<p>Die Tätigkeitsbereiche der Gruppe untergliederten sich im Jahr 2013 in die folgenden Geschäftsbereiche:</p> <ul style="list-style-type: none"> • Privat- und Geschäftskunden (<i>Retail and Commercial</i>): <ul style="list-style-type: none"> • Privatkundengeschäft Großbritannien (<i>UK Retail</i>): eine umfassende Palette von Bankprodukten und damit zusammenhängenden Dienstleistungen für Privatkunden in Großbritannien • Firmenkundengeschäft Großbritannien (<i>UK Corporate</i>): Bank-, Finanzierungs- und Risikomanagement-dienstleistungen für Unternehmenskunden und kleine und mittlere Unternehmen in Großbritannien • Vermögensverwaltung (<i>Wealth</i>): Bank- und Investmentdienstleistungen • Internationale Bankdienstleistungen (<i>International Banking</i>): Finanzierung, Transaktionsdienstleistungen und Risikomanagement • Ulster Bank: eine umfassende Palette von Finanzdienstleistungen durch ihre Privat- und Firmenkundenbereiche • Privat- und Firmenkundengeschäft USA (<i>US Retail and Commercial</i>): Finanzdienstleistungen im Wesentlichen unter den Marken Citizens und Charter One • Märkte (<i>Markets</i>): Geschäftsbereich für die Emission, den Vertrieb und den Handel in den Bereichen Fremdfinanzierungen, Zinsprodukte und Währungen • Zentralbereiche (<i>Central Functions</i>): umfasst bestimmte Gruppen- und Unternehmensfunktionen, wie z.B. die Finanzabteilung, das Rechnungswesen, das Risikomanagement, Compliance, die Rechtsabteilung, die Unternehmenskommunikation und die Personalabteilung • Nicht-Kerngeschäft (<i>Non-Core</i>): verwaltete gesondert die Vermögenswerte der Gruppe, die abgewickelt oder veräußert werden sollen • Geschäftsdienstleistungen (<i>Business Services</i>): unterstützt die kundenbezogenen Geschäftsbereiche und stellt die Technologie für den Geschäftsbetrieb, den Kundenservice für Telekommunikation, Kontodienstleistungen, Kredite und Geldüberweisungen, einen zentralen Einkauf, Immobilien-Dienstleistungen und andere Dienstleistungen zur Verfügung. <p>Am 1. Januar 2014 nahm die RBS Capital Resolution Group (die "RCR"), ihre Tätigkeit als interne „Bad Bank“ auf. Die RCR wurde zum Zwecke der Freisetzung von Kapital gebildet mit dem Ziel, ein Portfolio von Vermögenswerten in Höhe von ca. £38 Mrd. mit einer besonders hohen und langfristigen Kapitalbindung, hohem Kreditrisiko und/oder möglicherweise schwankenden Ergebnissen in einem angespannten Umfeld abzubauen.</p>

Obwohl die RCR ähnlich groß ist wie das Nicht-Kerngeschäft (*Non-Core division*), wurden ihre Vermögenswerte auf einer anderen Grundlage ausgewählt, sodass die beiden Bereiche nicht direkt miteinander vergleichbar sind.

Im November 2013 gab die Gruppe bekannt, eine vollständige Überprüfung ihres Kundengeschäfts, der Bereiche IT und Operations sowie ihrer Organisations- und Entscheidungsstrukturen vorzunehmen. Ziel der Überprüfung war die Verbesserung der Leistungsfähigkeit und Effizienz der Gruppe für ihre Kunden, Aktionäre und anderen Beteiligte. Im Februar 2014 gab die Gruppe die Ergebnisse der Überprüfung ihrer Strategie bekannt. Aufgrund der Überprüfung wurde entschieden, eine Neuordnung in drei Geschäftsbereichen vorzunehmen: Privat- & Geschäftskunden (*Personal & Business Banking*), Firmenkunden & Private Banking (*Commercial & Private Banking*) sowie Unternehmens- & Institutionelle Kunden (*Corporate & Institutional Banking*). Darüber hinaus wird die Gruppe ihre Systeme effizienter gestalten und vereinfachen, um dadurch eine Systemarchitektur mit erhöhter Stabilität zu erreichen.

9. In the Base Prospectus, section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element D.2 ("WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN") shall be replaced as follows:

D.2	WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN
	<p>Die Emittentin könnte insolvent werden oder aus anderen Gründen nicht in der Lage sein, die von ihr geschuldeten Zahlungen in Zusammenhang mit den Wertpapieren zu leisten. In diesem Fall werden Anleger nicht durch ein Einlagensicherungssystem geschützt. Zudem sind die Wertpapiere nicht besichert, sodass Anleger ihr Geld ganz oder teilweise verlieren können. Als Teil einer weltweit tätigen Finanzdienstleistungsgruppe unterliegt die Emittentin einer Reihe von wesentlichen Risiken der Gruppe:</p> <ul style="list-style-type: none"> • Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken zu konzentrieren und zeitnah den Bereich RBS Citizens zu veräußern. • Die Gruppe unterliegt politischen Risiken. • Die Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen und staatlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der Gruppe wesentlich beeinträchtigen. • Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält. • Das Geschäft der Gruppe birgt betriebsbedingte Risiken. • Die Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden. • Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden. • Die Gruppe ist in wesentlichem Maße Risiken aus einer Schwächung der gerade einsetzenden wirtschaftlichen Erholung in Europa ausgesetzt. • Die Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich unterliegen den Bestimmungen des <i>Banking Act 2009</i> in der durch den <i>Banking Reform Act 2013</i> geänderten Fassung, der besondere Abwicklungsbefugnisse, einschließlich Verstaatlichung und „<i>bail-in</i>“ (Beteiligung von Anteilseignern und Gläubigern an einer zwangsweisen Umstrukturierung einer Bank), beinhaltet.

- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Das britische Schatzamt *HM Treasury* (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere der Gruppe beeinträchtigen.
- Die Gruppe unterliegt weiteren globalen Risiken.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Alle Geschäftsbereiche der Gruppe sind in starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen in der Vorgehensweise der wichtigsten Aufsichtsbehörden für die Gruppe haben sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe ausgewirkt und werden sich wahrscheinlich weiterhin nachteilig auswirken.
- Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) wurde von der britischen Regierung durch Verabschiedung des *Banking Reform Act 2013* im Wesentlichen übernommen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank, auf Teile der US-amerikanischen Geschäftsaktivitäten der Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die Gruppe haben.

- Die Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (*resolution and recovery schemes*) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der Gruppe zur Folge haben kann und unter anderem Abschreibungen oder Wertberichtigungen auf Wertpapiere der Gruppe und die Umwandlung von Wertpapieren der Gruppe beinhaltet.
- Der Geschäftsbetrieb der Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Die Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Die Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill

beeinträchtigt werden.

- Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.
- Die Emittentin hat sich mit BNP Paribas S.A. ("**BNP Paribas**") über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.

10. In the Base Prospectus, section "**RISK FACTORS**", the second paragraph shall be replaced as follows:

Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, prospective purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the "Issuer") dated 7 March 2014 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Conduct Authority), as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, prospective purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.

11. In the Base Prospectus, the section "**INFORMATION ABOUT THE ISSUER**" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER

The legal name of the issuer of the Securities is The Royal Bank of Scotland plc which is acting either through its principal office in Edinburgh, Scotland or through its office in London or any other office, as specified in the Final Terms (the "**Issuer**"). The commercial name of the Issuer is The Royal Bank of Scotland or RBS.

Registration Document

The required information about the Issuer is contained in the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Conduct Authority*; the "**FCA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the last sentence of the fourth paragraph of the section entitled "Introduction" beginning on page 1, which begins with the words "Moody's Investors Service Limited", the seventh paragraph of such section, which begins with the words "As defined by Moody's", limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013", and the subsection "No Significant Change and No Material Adverse Change" on page 70) (see "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following subsection "Recent developments".

Recent developments

Disposal of Structured Retail Investor and Equity Derivatives Businesses

On 19 February 2014, RBSG, the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives (IP&ED) businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of, and/or market making for, up to £15 billion of liabilities over time. The Proposed Transaction is in line with the strategic repositioning and de-risking of the Markets division of the Group as announced in 2013. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer

scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals.

Updated ratings information

On 13 March 2014, Moody's Investors Service Limited ("**Moody's**") announced revisions to its ratings of the Issuer.

In case of a rating of securities of the Issuer, Moody's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "Baa1"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's, the addition of a "1" indicates that the obligation ranks in the higher 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 — September 2013" published by Moody's (available at www.moody.com).

Except for the description of the rating definitions for the ratings "Baa1" and "P-2" set out above, the information found at the website referred to in the previous sentence does not form part of, and is not incorporated by reference into, this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

No significant change and no material adverse change

Save for regulatory and redress provisions with respect to litigation, investigations, reviews and conduct-related matters, increased provisions for Payment Protection Insurance (PPI) redress and related costs and for interest rate hedging products redress and administration costs, loan impairment provisions and impairments and other losses related to the establishment of the RBS Capital Resolution Group (the "**RCR**"), each as disclosed in the following sections of the preliminary unaudited Annual Results for the year ended 31 December 2013 of RBSG (the "**Relevant Sections of the Unaudited Annual Results 2013 of RBSG**"):

- the opening paragraph of the section entitled "Highlights" on page 1,
- the paragraph entitled "Legacy conduct issues" in the section entitled "Highlights" on page 3,
- the section entitled "Analysis of results" on pages 27 to 36,

- Note 3 to the Statutory results (entitled "Analysis of income, expenses and impairment losses") on pages 95 to 100,
- Note 5 to the Statutory results (entitled "Loan impairment provisions") on page 101,
- Note 13 to the Statutory results (entitled "Litigation, investigations and reviews") on pages 118 to 134,
- Note 14 to the Statutory results (entitled "Other developments") on pages 134 to 135, and
- Appendix 1 (entitled "RBS Capital Resolution"),

there has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2013 (the end of the last financial period for which the latest unaudited interim financial information has been published).

Save for regulatory and redress provisions with respect to litigation, investigations, reviews and conduct-related matters, increased provisions for Payment Protection Insurance (PPI) redress and related costs and for interest rate hedging products redress and administration costs, loan impairment provisions and impairments and other losses related to the establishment of the RCR, each as disclosed in the Relevant Sections of the Unaudited Annual Results 2013 of RBSG, there has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the last date to which the latest audited published financial information was prepared).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

12. In the Base Prospectus, the section "**FORM OF FINAL TERMS**", subsection "**FINAL TERMS**", the second paragraph shall be replaced as follows:

These Final Terms must be read in conjunction with the English language base prospectus of the Issuer relating to Turbo Warrants and Open End Turbo Warrants dated 11 June 2013 as approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; the "**BaFin**") (the "**Base Prospectus**"). These Final Terms and the Base Prospectus must also be read in connection with the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Conduct Authority*; the "**FCA**"), as well as in connection with any supplements to the Base Prospectus approved by the BaFin pursuant to Section 16(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) (the "**Supplements**").

13. In the Base Prospectus, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated by reference in this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document (excluding the last sentence of the fourth paragraph of the section entitled "Introduction" beginning on page 1, which begins with the words "Moody's Investors Service Limited", the seventh paragraph of such section, which begins with the words "As defined by Moody's", limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013", and the subsection "No Significant Change and No Material Adverse Change" on page 70), which is incorporated in the section "Information about the Issuer" of this Base Prospectus;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review - Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the RNS on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review - Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the unaudited Interim Results 2013 of the Issuer for the six months ended 30 June 2013 which were published via the RNS on 30 August 2013;
5. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet as at 31 December 2012 on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;

- (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – “2012 Financial Results” on page 2;
 - (xi) Chairman’s statement on pages 10 to 11;
 - (xii) Group Chief Executive’s review on pages 12 to 13;
 - (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
 - (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors’ remuneration report on pages 322 to 342;
 - (xx) Compliance report on pages 343 to 344;
 - (xxi) Report of the Directors on pages 345 to 349;
 - (xxii) Statement of directors’ responsibilities on page 350;
 - (xxiii) Financial Summary on pages 488 to 497;
 - (xxiv) Exchange rates on page 498;
 - (xxv) Economic and monetary environment on page 499;
 - (xxvi) Supervision on page 500;
 - (xxvii) Description of property and equipment on page 501;
 - (xxviii) Major shareholders on page 501;
 - (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
6. the following sections of the Annual Report and Accounts 2011 of RBSG, which were published via the RNS 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 20;
 - (xv) Divisional review on pages 21 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;
7. the preliminary unaudited Annual Results for the year ended 31 December 2013 of RBSG which were published via the RNS on 27 February 2014; and
 8. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published via the RNS on 4 April 2014.

The documents referred to above were filed with the Financial Services Authority and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 28 April 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

18 March 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES")

(SEVENTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectus with respect to the revisions of the ratings of The Royal Bank of Scotland plc by Moody's Investors Service Limited which were announced on 13 March 2014.

1. In the Base Prospectus, section "**INFORMATION ABOUT THE ISSUER**", subsection "**Registration Document**", limb (i) shall be replaced as follows:

- (i) the following information on pages 1 and 2 within the section entitled "Introduction":
- the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the last sentence of the fourth paragraph of such section, which begins with the words "Moody's Investors Service Limited";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's";
 - the seventh paragraph of such section, which begins with the words "As defined by Moody's";
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions"; and
 - limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – January 2013";

2. In the Base Prospectus, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" after the paragraphs with the heading "*Updated ratings information*" (inserted into the Base Prospectus by Supplement dated 31 January 2014):

On 13 March 2014, Moody's Investors Service Limited ("**Moody's**") announced revisions to its ratings of the Issuer.

In case of a rating of securities of the Issuer, Moody's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "Baa1"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's, the addition of a "1" indicates that the obligation ranks in the higher 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 — September 2013" published by Moody's (available at www.moodys.com).

Except for the description of the rating definitions for the ratings "Baa1" and "P-2" set out above the information found at the website referred to in the previous sentence does not form part of, and is not incorporated by reference into, this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

3. In the Base Prospectus, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the last sentence of the fourth paragraph of such section, which begins with the words "Moody's Investors Service Limited";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's";
 - the seventh paragraph of such section, which begins with the words "As defined by Moody's";
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions"; and
 - limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – January 2013".
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were

published via the Regulatory News Service of the London Stock Exchange plc (the “RNS”) on 5 April 2013;

3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed “Financial Review – Risk Factors” on page 6 and “Additional Information – Risk Factors” on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published on 30 August 2013;
5. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor’s report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman’s statement on pages 10 to 11;
 - (xii) Group Chief Executive’s review on pages 12 to 13;
 - (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
 - (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors’ remuneration report on pages 322 to 342;

- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

6. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
7. the preliminary unaudited Annual Results 2013 of RBSG for the year ended 31 December 2013 which were published via the RNS on 27 February 2014;
 8. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 9. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;
 10. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG which was published via the RNS on 2 August 2013;
 11. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG which was published via the RNS on 7 November 2013;
 12. the press release entitled "RBS reaches settlement with the European Commission" of RBSG which was published via the RNS on 4 December 2013;
 13. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG which was published via the RNS on 11 December 2013; and
 14. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" of RBSG which was published via the RNS on 11 December 2013.

The documents referred to above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 18 March 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

5 March 2014

The Royal Bank of Scotland plc
*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES")

(SIXTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectus with respect to the preliminary unaudited Annual Results of The Royal Bank of Scotland Group plc for the year ended 31 December 2013 which were published on 27 February 2014.

1. In the Base Prospectus, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors"

on page 6 and “Additional Information – Risk Factors” on pages 283 to 296) which were published via the RNS on 26 March 2012;

4. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published on 30 August 2013;
5. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor’s report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman’s statement on pages 10 to 11;
 - (xii) Group Chief Executive’s review on pages 12 to 13;
 - (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
 - (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors’ remuneration report on pages 322 to 342;
 - (xx) Compliance report on pages 343 to 344
 - (xxi) Report of the Directors on pages 345 to 349;
 - (xxii) Statement of directors’ responsibilities on page 350;
 - (xxiii) Financial Summary on pages 488 to 497;

- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

6. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
7. the preliminary unaudited Annual Results 2013 of RBSG for the year ended 31 December 2013 which were published via the RNS on 27 February 2014;
 8. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 9. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;
 10. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG which was published via the RNS on 2 August 2013;
 11. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG which was published via the RNS on 7 November 2013;
 12. the press release entitled "RBS reaches settlement with the European Commission" of RBSG which was published via the RNS on 4 December 2013;
 13. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG which was published via the RNS on 11 December 2013; and
 14. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" of RBSG which was published via the RNS on 11 December 2013.

The documents referred to above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 5 March 2014

The Royal Bank of Scotland plc

By:

Signature

BENJAMIN WEIL
Authorised Signatory

25 February 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**TWELFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**FIFTH SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Disposal of its Structured Retail Investor Products and Equity Derivatives Businesses" which was published on 19 February 2014.

1. In the Base Prospectus 2012, in the section "**SUMMARY**", subsection "**Risk Factors relating to the Issuer**", the following risk factor shall be added after the last paragraph:

- The Issuer has reached agreement with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.

2. In the Base Prospectus 2013, in the section "**SUMMARY**", Element D.2 ("KEY RISKS SPECIFIC TO THE ISSUER"), the following risk factor shall be added after the last paragraph:

	<ul style="list-style-type: none"><li data-bbox="316 293 1396 757">• The Issuer has reached agreement with BNP Paribas S.A. ("BNP Paribas") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.
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3. In the Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", subsection "**Risikofaktoren in Bezug auf die Emittentin**", the following risk factor shall be added after the last paragraph:

- Die Emittentin hat sich mit BNP Paribas S.A. („**BNP Paribas**“) über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.

4. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element D.2 ("WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN"), the following risk factor shall be added after the last paragraph:

	<ul style="list-style-type: none">• Die Emittentin hat sich mit BNP Paribas S.A. („BNP Paribas“) über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.
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5. In the Base Prospectuses, in the section "**RISK FACTORS**", subsection "**1. RISK FACTORS RELATED TO THE ISSUER**" (as updated by Supplement dated 31 January 2014), the following shall be added at the end of this subsection after the risk factor with the heading "**The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position**":

Additional Risk Factors

In addition to the risk factors contained in the Registration Document, the following risk factor "Disposal of Structured Retail Investor Products and Equity Derivatives Businesses" may also affect the Issuer's ability to fulfil its obligations under the Securities issued:

Disposal of Structured Retail Investor Products and Equity Derivatives Businesses

The Royal Bank of Scotland Group plc ("**RBSG**", RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"), the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) have announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of up to £15bn of liabilities over time. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals. This means that BNP Paribas or one of its affiliates may become the issuer of a number of securities originally issued by The Royal Bank of Scotland plc, which may include some or all of the Securities issued under this Base Prospectus. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities, whether for tax reasons or otherwise.

6. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectus 2012 by Supplement dated 21 May 2013) after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" (inserted into the Base Prospectus 2012 by Supplement dated 20 June 2013):

Disposal of Structured Retail Investor and Equity Derivatives Businesses

On 19 February 2014, RBSG, the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives (IP&ED) businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of, and/or market making for, up to £15 billion of liabilities over time. The Proposed Transaction is in line with the strategic repositioning and de-risking of the Markets division of the Group as announced in 2013. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals.

London, 25 February 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

31 January 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**ELEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**FOURTH SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that it has agreed a pre-IPO deal for Williams & Glyn's which was published on 27 September 2013;

(ii) to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 (the "**Unaudited Interim Statement Q3 2013 of RBSG**") which was published on 1 November 2013;

(iii) to update a certain risk factor related to the Issuer as a consequence of the publication of, and the incorporation by reference into the Base Prospectus of, the Unaudited Interim Statement Q3 2013 of RBSG;

(iv) to update the Base Prospectuses with respect to an announcement by RBSG entitled "RBS reaches settlement with SEC on RMBS securitisation" which was published on 7 November 2013;

(v) to update the Base Prospectuses with respect to the revisions of the expected ratings of the Issuer by Standard & Poor's Credit Market Services Europe Limited which were announced on 7 November 2013;

(vi) to update the Base Prospectuses with respect to an announcement by RBSG entitled "RBS reaches settlement with the European Commission" which was published on 4 December 2013;

(vii) to update the Base Prospectuses with respect to the announcements by RBSG entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" and "RBS Confirms Bostock to resign as Group Finance Director" which were published on 11 December 2013;

(viii) to specify the source of the selected financial information of the Issuer for the half year ended 30 June 2013 in the section "**SUMMARY**", Element B. 12, of the Base Prospectus 2013; and

(ix) to update the section "**TAXATION**" of the Base Prospectus 2013 for securities to be offered in Norway.

1. In the Base Prospectus 2013, in the section "**SUMMARY**", Element B.4B ("KNOWN TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES"), fourth paragraph, the first sentence ("The Group's ability to implement its strategic plan depends on the success of its efforts to refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

	The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.
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2. In the Base Prospectus 2013, in the section "**SUMMARY**", Element B.12 ("SELECTED HISTORICAL KEY FINANCIAL INFORMATION OF THE ISSUER"), the heading of the paragraph entitled "**Selected financial information of the Issuer for the half year ended 30 June 2013**" shall be replaced as follows:

	<p>Selected financial information of the Issuer for the half years ended 30 June 2013 and 30 June 2012</p> <p>The following table summarises certain financial information of the Issuer for the half years ended 30 June 2013 and 30 June 2012 and has been extracted without adjustment from the unaudited Results for the half year ended 30 June 2013 of the Issuer.</p>
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3. In the Base Prospectus 2012, in the section "**SUMMARY**", subsection "**Risk Factors relating to the Issuer**" (as inserted into the Base Prospectus by Supplement dated 21 May 2013), the 19th bullet point ("The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

- The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.

4. In the Base Prospectus 2013, in the section "**SUMMARY**", Element D.2 ("KEY RISKS SPECIFIC TO THE ISSUER"), the 19th bullet point ("The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

	<ul style="list-style-type: none">• The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.
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5. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.4B ("BEKANNTE TRENDS, DIE SICH AUF DIE EMITTENTIN UND DIE BRANCHEN, IN DENEN SIE TÄTIG IST, AUSWIRKEN"), fourth paragraph, the first sentence ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

	Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.
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6. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.12 ("AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN"), the heading of the paragraph entitled "**Ausgewählte Finanzinformationen der Emittentin für das zum 30. Juni 2013 endende Halbjahr**" shall be replaced as follows:

<p>Ausgewählte Finanzinformationen der Emittentin für die zum 30. Juni 2013 und 30. Juni 2012 endenden Halbjahre</p> <p>Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 30. Juni 2013 und 30. Juni 2012 endenden Halbjahre zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem ungeprüften Bericht der Emittentin für das am 30. Juni 2013 endende Halbjahr (<i>Results for the half year ended 30 June 2013</i>) entnommen.</p>

7. In the Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", subsection "**Risikofaktoren in Bezug auf die Emittentin**" (as inserted into the Base Prospectus by Supplement dated 21 May 2013), the 19th bullet point ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

- Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.

8. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element D.2 ("WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN"), the 19th bullet point ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

	<ul style="list-style-type: none">• Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.
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9. In the Base Prospectuses, in the section "**RISK FACTORS**", the subsection "**1. RISK FACTORS RELATED TO THE ISSUER**" shall be replaced as follows:

1. RISK FACTORS RELATED TO THE ISSUER

Each potential investor in the Securities should refer to the risk factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities issued.

The risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" beginning on page 14 of the Registration Document shall be updated as follows:

The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position

Since the global economic and financial crisis that began in 2008 and the changed global economic outlook, the Group has been engaged in a financial and core business restructuring which focused on achieving appropriate risk-adjusted returns under these changed circumstances, reducing reliance on wholesale funding and lowering exposure to capital-intensive businesses. A key part of the restructuring programme announced in February 2009 was to run-down and sell the Group's non-core assets and businesses and the continued review of the Group's portfolio to identify further disposals of certain non-core assets and businesses. Assets identified for this purpose and allocated to the Group's Non-Core division totalled £258 billion, excluding derivatives, at 31 December 2008. By 30 September 2013, this total had reduced to £37.3 billion (31 December 2012: £57.4 billion), excluding derivatives, as further progress was made in business disposals and portfolio sales during the course of 2013. This balance sheet reduction programme continues alongside the disposals under the State Aid restructuring plan approved by the European Commission. During 2012 the Group implemented changes to its wholesale banking operations, including the reorganisation of its wholesale businesses and the exit and downsizing of selected existing activities (including cash equities, corporate banking, equity capital markets, and mergers and acquisitions).

During the third quarter of 2013, the Group has worked with Her Majesty's Treasury ("**HM Treasury**") as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

- the creation of an internal "bad bank" to manage the run-down of problem assets projected to be £38 billion by the end of 2013, with the goal of removing 55 to 70% of these assets over the next two years with a clear aspiration to remove all these assets from the balance sheet in three years; and
- lifting capital targets including by:

- accelerating the divestment of Citizens, the Group's US banking subsidiary, with a partial initial public offering now planned for 2014, and full divestment of the business intended by the end of 2016;
- intensifying management actions to reduce risk weighted assets.

In addition to the actions above, the Group has also announced that it is undertaking a full review of the Group's Customer-facing businesses, IT and operations and its organisational and decision-making structures to develop detailed plans on how the Group can realign its cost base with a target of reducing its cost to income percentage into the mid 50s, down from 65 per cent. currently. The outcome of this review will be announced at the time of the Group's 2013 year-end results in February 2014. The outcome of such review could result in additional actions to those identified above, including asset sales, restructuring of businesses and other similar actions.

Because the ability to dispose of businesses and assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain volatile, there is no assurance that the Group will be able to sell or run-down (as applicable) the businesses it has planned to sell or exit or asset portfolios it is seeking to sell either on favourable economic terms to the Group or at all. Material tax or other contingent liabilities could arise on the disposal or run-down of assets or businesses and there is no assurance that any conditions precedent agreed will be satisfied, or consents and approvals required will be obtained in a timely manner, or at all. There is consequently a risk that the Group may fail to complete such disposals within time frames envisaged by the Group.

The Group may be exposed to deteriorations in businesses or portfolios being sold between the announcement of the disposal and its completion, which period may be lengthy and may span many months. In addition, the Group may be exposed to certain risks, including risks arising out of ongoing liabilities and obligations, breaches of covenants, representations and warranties, indemnity claims, transitional services arrangements and redundancy or other transaction related costs.

The occurrence of any of the risks described above could negatively affect the Group's ability to implement its new strategic plan and achieve its capital targets and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

10. In the Base Prospectuses, section "INFORMATION ABOUT THE ISSUER", the subsection "Registration Document" shall be replaced as follows:

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its office in London or any other office, as specified in the Final Terms, as issuer of the Securities (the "Issuer") is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**"), excluding:

- (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
- (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
- (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
- (iv) the subsection "Large exposure regime" on page 26;
- (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
- (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (see "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following risk factor "The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position" and the following subsections "Assets, owners' equity and capital ratios" and "Recent Developments".

The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position

Since the global economic and financial crisis that began in 2008 and the changed global economic outlook, the Group has been engaged in a financial and core business restructuring which focused on

achieving appropriate risk-adjusted returns under these changed circumstances, reducing reliance on wholesale funding and lowering exposure to capital-intensive businesses. A key part of the restructuring programme announced in February 2009 was to run-down and sell the Group's non-core assets and businesses and the continued review of the Group's portfolio to identify further disposals of certain non-core assets and businesses. Assets identified for this purpose and allocated to the Group's Non-Core division totalled £258 billion, excluding derivatives, at 31 December 2008. By 30 September 2013, this total had reduced to £37.3 billion (31 December 2012: £57.4 billion), excluding derivatives, as further progress was made in business disposals and portfolio sales during the course of 2013. This balance sheet reduction programme continues alongside the disposals under the State Aid restructuring plan approved by the European Commission. During 2012 the Group implemented changes to its wholesale banking operations, including the reorganisation of its wholesale businesses and the exit and downsizing of selected existing activities (including cash equities, corporate banking, equity capital markets, and mergers and acquisitions).

During the third quarter of 2013, the Group has worked with Her Majesty's Treasury as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

- the creation of an internal "bad bank" to manage the run-down of problem assets projected to be £38 billion by the end of 2013, with the goal of removing 55 to 70% of these assets over the next two years with a clear aspiration to remove all these assets from the balance sheet in three years; and
- lifting capital targets including by:
- accelerating the divestment of Citizens, the Group's US banking subsidiary, with a partial initial public offering now planned for 2014, and full divestment of the business intended by the end of 2016;
- intensifying management actions to reduce risk weighted assets.

In addition to the actions above, the Group has also announced that it is undertaking a full review of the Group's Customer-facing businesses, IT and operations and its organisational and decision-making structures to develop detailed plans on how the Group can realign its cost base with a target of reducing its cost to income percentage into the mid 50s, down from 65 per cent. currently. The outcome of this review will be announced at the time of the Group's 2013 year-end results in February 2014. The outcome of such review could result in additional actions to those identified above, including asset sales, restructuring of businesses and other similar actions.

Because the ability to dispose of businesses and assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain volatile, there is no assurance that the Group will be able to sell or run-down (as applicable) the businesses it has planned to sell or exit or asset portfolios it is seeking to sell either on favourable economic terms to

the Group or at all. Material tax or other contingent liabilities could arise on the disposal or run-down of assets or businesses and there is no assurance that any conditions precedent agreed will be satisfied, or consents and approvals required will be obtained in a timely manner, or at all. There is consequently a risk that the Group may fail to complete such disposals within time frames envisaged by the Group.

The Group may be exposed to deteriorations in businesses or portfolios being sold between the announcement of the disposal and its completion, which period may be lengthy and may span many months. In addition, the Group may be exposed to certain risks, including risks arising out of ongoing liabilities and obligations, breaches of covenants, representations and warranties, indemnity claims, transitional services arrangements and redundancy or other transaction related costs.

The occurrence of any of the risks described above could negatively affect the Group's ability to implement its new strategic plan and achieve its capital targets and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

11. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectus 2012 by Supplement dated 21 May 2013) after the paragraph with the heading "*Ross McEwan appointed as RBSG Chief Executive*" (inserted into the Base Prospectuses by Supplement dated 2 August 2013):

RBSG strikes pre-IPO deal for Williams & Glyn's

On 27 September 2013, RBSG announced that it has agreed a £600 million pre-IPO investment in its Williams & Glyn's business (formerly known as "Project Rainbow") – which centres around 314 branches in the UK - with a consortium of investors led by global financial services specialists Corsair Capital and Centerbridge Partners.

In addition to Corsair and Centerbridge, the consortium includes the Church Commissioners for England and RIT Capital Partners plc (together, the "**Consortium Investors**").

As a condition of the state aid received by RBSG, the Issuer Group was required to divest 308 branches of the Issuer in England and Wales and 6 NatWest branches in Scotland, with the associated retail and small and medium enterprise (SME) customers, direct SME customers and a portfolio of mid-corporate customers. The business serves nearly 1.7 million customers, currently employs around 4,500 people and in the future will employ approximately 6,000 people. It has a broad national footprint and a £19.7 billion loan book, funded by £22.2 billion in customer deposits.

RBSG will work with HM Treasury and the European Commission to agree an extension to the timetable for the disposal of Williams & Glyn's in due course.

Following completion of the operational and legal separation of the business into a standalone bank to be branded Williams & Glyn's, an exercise that is already well underway, RBSG will pursue an Initial Public Offering ("**IPO**"). The pre-IPO investment announced on 27 September 2013 takes the form of a £600 million bond to be issued by RBSG, which will be exchangeable for a significant minority interest in Williams & Glyn's at the time of its IPO. The bond will convert into Williams & Glyn's shares at the IPO price, subject to a minimum ownership level which will be linked to the tangible book value of Williams & Glyn's prior to the IPO, and in any case no more than a stake of 49%. To the extent the maximum ownership level is reached, the bond will be partially redeemed in cash such that the Consortium Investors will receive a total value of £600 million of cash and shares at the IPO price. At the IPO, subject to RBSG's consent, the Consortium Investors will have the option to acquire up to 10 per cent. additionally at the IPO price, subject to their pro forma ownership being no more than 49 per cent. in aggregate.

The subscription for the bond will be satisfied by way of a cash payment from the Consortium Investors. RBSG's Markets division is providing a £270 million secured financing package to the Consortium Investors for the investment.

The transaction is subject to necessary regulatory closing conditions including approvals from the European Commission in relation to the timing for satisfaction of RBSG's related state aid commitments.

Updated ratings information

On 7 November 2013, Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") announced revisions to its expected ratings of the Issuer to reflect the fact that a transitional notch, called a 'positive transition notch', that was built into the Group's ratings in late 2011 in recognition of the progress the Group had made in its restructuring, has now been removed. The Group's recent announcement to create an internal bad bank, coupled with Standard & Poor's concerns on execution risk, litigation risk and the potential for conduct related fines has resulted in the removal of this transition notch.

Standard & Poor's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "A-"; senior notes issued by the Issuer with a maturity of less than one year "A-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer 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-2" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is satisfactory. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories. The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Standard & Poor's Ratings Definitions – 24 October 2013" published by Standard & Poor's (available at www.standardandpoors.com).

The information found at the website 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 source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Standard & Poor's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

The Group confirms Nathan Bostock to resign as Group Finance Director

On 11 December 2013, RBSG confirmed that Nathan Bostock has informed the Board of his intention to resign from his role as Group Finance Director. He will remain in his position to oversee an orderly handover of his responsibilities. Details on arrangements for his successor will be announced in due course.

12. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", the subsection "**Additional Information about the Issuer**" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the unaudited Results for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Results 2013 of the Issuer**") which were published on 30 August 2013;
4. the following sections (the "**Relevant Sections of the Annual Report 2012 of RBSG**") of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman's statement on pages 10 to 11;
 - (xii) Group Chief Executive's review on pages 12 to 13;

- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections (the "**Relevant Sections of the Annual Report 2011 of RBSG**") of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
6. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the “**Unaudited Interim Results 2013 of RBSG**”) which were published via the RNS on 2 August 2013;
 7. the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 (the “**Unaudited Interim Statement Q3 2013 of RBSG**”) which was published via the RNS on 1 November 2013;
 8. the press release entitled "RBS announces planned management changes" of RBSG (the “**Press Release dated 9 May 2013**”) which was published via the RNS on 9 May 2013;
 9. the press release entitled "Stephen Hester to leave RBS" of RBSG (the “**Press Release dated 12 June 2013**”) which was published via the RNS on 12 June 2013;

10. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG (the "**Press Release dated 2 August 2013**") which was published via the RNS on 2 August 2013;
11. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG (the "**Press Release dated 7 November 2013**") which was published via the RNS on 7 November 2013;
12. the press release entitled "RBS reaches settlement with the European Commission" of RBSG (the "**Press Release dated 4 December 2013**") which was published via the RNS on 4 December 2013;
13. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG (the "**Press Release dated 11 December 2013 regarding Bostock's resignation**") which was published via the RNS on 11 December 2013; and
14. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" (the "**Press Release dated 11 December 2013 regarding OFAC compliance**") of RBSG which was published via the RNS on 11 December 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

13. In the Base Prospectus 2013, in the section "TAXATION" the following subsection "6. NORWAY" shall be inserted after the subsection with the heading "5. FINLAND":

6. NORWAY

6.1 General

No deduction or withholding for or on account of Norwegian tax is required to be made on payments from the Issuer to the Securityholders on exercise or termination of the Securities.

There is currently no stamp duty or other charges in Norway on the purchase, sale or realisation of the Securities.

6.2 Taxation on realisation

Securityholders who are Norwegian resident corporations or individuals, and who sell or redeem their Securities are subject to capital gains taxation in Norway. Correspondingly, losses may be deducted.

The tax liability applies irrespective of how long the Securities have been owned and the number of Securities that have been realised or redeemed. Gains are taxable as general income in the year of realisation, and losses can be deducted from income from other sources in the year of realisation. The tax rate of general income is currently 28 per cent.

Gain or loss is calculated per Security and equals the remuneration received in respect of the Securities less the tax basis of the Security and the acquisition or realisation cost. The tax basis of each Security is the Norwegian Securityholder's purchase price for the Security.

Income taxes or capital gains taxes payable in other jurisdictions by Norwegian Securityholders, or withholding tax payable on redemption amounts in respect of the Securities may be deductible against Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax the Securityholders directly or through the application of withholding taxes may be limited by applicable tax treaties.

Gains derived from the Securities with the Underlying in certain shares, certain share indices or mutual fund investing in certain shares, may be exempt from taxation for Norwegian Securityholders who are limited liability companies or similar incorporated entities. Correspondingly, losses incurred by investing in such Securities are not tax deductible.

6.3 Net Wealth Tax

Norwegian Securityholders who are limited liability companies are not subject to net wealth taxation in Norway.

Norwegian Securityholders who are individuals are subject to net wealth taxation in Norway. Securities are included as part of the taxable base for this purpose. The Securities will be valued at market value on 1 January of the calendar year following the relevant income year. The maximum aggregated rate of net wealth tax is currently 1.1 per cent.

14. In the Base Prospectus 2013, in the section "**TAXATION**" the numbering of the headings "**6. SWEDEN**", "**6.1 General**", "**6.2 Sale or exercise of Securities**" and "**7. EU SAVINGS DIRECTIVE**" shall be amended as follows:

7. SWEDEN

7.1 General

7.2 Sale or exercise of Securities

8. EU SAVINGS DIRECTIVE

15. In the Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (except for no. 16) are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Unaudited Interim Results 2013 of the Issuer;
5. the Relevant Sections of the Annual Report 2012 of RBSG;
6. the Relevant Sections of the Annual Report 2011 of RBSG;
7. the Unaudited Interim Results 2013 of RBSG;
8. the Unaudited Interim Statement Q3 2013 of RBSG;

9. the Press Release dated 9 May 2013;
10. the Press Release dated 12 June 2013;
11. the Press Release dated 2 August 2013;
12. the Press Release dated 7 November 2013;
13. the Press Release dated 4 December 2013;
14. the Press Release dated 11 December 2013 regarding Bostock's resignation;
15. the Press Release dated 11 December 2013 regarding OFAC compliance; and
16. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 15. were filed with the FSA and the FCA, respectively. The document referred to in 16. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

16. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the section "Information about the Issuer" of this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors"

on page 6 and “Additional Information – Risk Factors” on pages 283 to 296) which were published via the RNS on 26 March 2012;

4. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published on 30 August 2013;
5. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor’s report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman’s statement on pages 10 to 11;
 - (xii) Group Chief Executive’s review on pages 12 to 13;
 - (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
 - (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors’ remuneration report on pages 322 to 342;
 - (xx) Compliance report on pages 343 to 344
 - (xxi) Report of the Directors on pages 345 to 349;
 - (xxii) Statement of directors’ responsibilities on page 350;
 - (xxiii) Financial Summary on pages 488 to 497;

- (xxiv) Exchange rates on page 498;
 - (xxv) Economic and monetary environment on page 499;
 - (xxvi) Supervision on page 500;
 - (xxvii) Description of property and equipment on page 501;
 - (xxviii) Major shareholders on page 501;
 - (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
6. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
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 - (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;
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 - (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;
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 - (xx) Report of the Directors on pages 298 to 302;
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- (xxii) Financial Summary on pages 433 to 441;
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 - (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;
7. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published via the RNS on 2 August 2013;
 8. the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 which was published via the RNS on 1 November 2013;
 9. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 10. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;
 11. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG which was published via the RNS on 2 August 2013;
 12. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG which was published via the RNS on 7 November 2013;
 13. the press release entitled "RBS reaches settlement with the European Commission" of RBSG which was published via the RNS on 4 December 2013;
 14. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG which was published via the RNS on 11 December 2013; and
 15. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" of RBSG which was published via the RNS on 11 December 2013.

The documents referred to above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 31 January 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

4 September 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**TENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**THIRD SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the unaudited Results for the half year ended 30 June 2013 of The Royal Bank of Scotland plc (the "**Issuer**") which were published on 30 August 2013.

1. In the Base Prospectus 2012, in the section "**SUMMARY**", the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Results for the half year ended 30 June 2013 of the Issuer, the Issuer Group had total assets of £1,203 billion and shareholder's equity of £59 billion as at 30 June 2013. The Issuer Group's capital ratios as at that date were a total capital ratio of 16.4 per cent, a Core Tier 1 capital ratio of 10.2 per cent and a Tier 1 capital ratio of 11.9 per cent.

Profit/(loss) for the period	640	(756)
	<i>As at 30 June 2013 £m (unaudited)</i>	<i>As at 31 December 2012 £m (audited)</i>
Called-up share capital	6,609	6,609
Reserves	52,446	52,679
Owners' equity	59,055	59,288
Non-controlling interests	81	137
Subordinated liabilities	32,930	33,851
Capital resources	92,066	93,276
	<i>As at 30 June 2013 £m (unaudited)</i>	<i>As at 31 December 2012 £m (audited)</i>
Deposits	605,514	621,457
Loans and advances to customers and banks	560,493	576,904
Total assets	1,202,584	1,284,274
NO MATERIAL ADVERSE CHANGE IN THE PROSPECTS OF THE ISSUER		
There has been no material adverse change in the prospects of the Issuer since 31 December 2012.		
SIGNIFICANT CHANGES IN THE FINANCIAL POSITION OF THE GROUP SUBSEQUENT TO THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION		
There has been no significant change in the financial position of the Issuer Group taken as a whole since 30 June 2013.		

3. In the Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the third paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach den ungeprüften Finanzinformationen der Emittentin zum 30. Juni 2013 (*Results for the half year ended 30 June 2013*) betragen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.203 Mrd. und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 16,4 % für die Gesamtkapitalquote, 10,2 % für die Kernkapitalquote (*Core Tier 1*) und 11,9 % für die Kapitalquote (*Tier 1*).

4. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.12 shall be replaced as follows:

B.12	AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN	
	Ausgewählte Finanzinformationen der Emittentin für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Jahre	
	Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Finanzjahre der Emittentin zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem geprüften konsolidierten Abschluss der Emittentin für das zum 31. Dezember 2012 endende Jahr entnommen, der gemäß den Internationalen Rechnungslegungsstandards (<i>International Financial Reporting Standards</i> (IFRS)) erstellt wurde.	
	<i>Zum</i>	<i>Zum</i>
	<i>31. Dezember 2012</i>	<i>31. Dezember 2011</i>
	<i>endendes Jahr</i>	<i>endendes Jahr</i>
	<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>
Operativer Verlust vor Steuern.....	(3.412)	(864)
Steueraufwand.....	(364)	(731)
Verlust für das Jahr.....	(3.776)	(1.595)
	<i>31. Dezember 2012</i>	<i>31. Dezember 2011</i>
	<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>
Eingefordertes Aktienkapital	6.609	6.609
Rücklagen.....	52.679	55.117
Eigenkapital	59.288	61.726
Beteiligungen ohne beherrschenden Einfluss....	137	128
Nachrangige Verbindlichkeiten	33.851	32.324
Kapitalvermögen	93.276	94.178
	<i>31. Dezember 2012</i>	<i>31. Dezember 2011</i>
	<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>
Einlagen.....	621.457	581.485
Kredite und Vorauszahlungen an		
Kunden und Banken	576.904	586.539
Gesamtvermögen	1.284.274	1.432.781

Ausgewählte Finanzinformationen der Emittentin für das zum 30. Juni 2013 endende Halbjahr		
	<i>Zum 30. Juni endendes Halbjahr</i>	
	<i>2013</i>	<i>2012</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Operativer Gewinn/(Verlust) vor Steuer	1.411	(447)
Steueraufwand	(771)	(309)
Gewinn/(Verlust) für den Zeitraum	640	(756)
	<i>30. Juni 2013</i>	<i>30. Juni 2012</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Eingefordertes Aktienkapital	6.609	6.609
Rücklagen	52.446	52.679
Eigenkapital	59.055	59.288
Beteiligungen ohne beherrschenden Einfluss	81	137
Nachrangige Verbindlichkeiten	32.930	33.851
Kapitalvermögen	92.066	93.276
	<i>30. Juni 2013</i>	<i>30. Juni 2012</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Einlagen	605.514	621.457
Kredite und Vorauszahlungen an Kunden und Banken	560.493	576.904
Gesamtvermögen	1.202.584	1.284.274
WESENTLICHE NEGATIVE VERÄNDERUNGEN IN DEN AUSSICHTEN DER EMITTENTIN SEIT DEM DATUM DES LETZTEN VERÖFFENTLICHTEN GEPRÜFTEN JAHRESABSCHLUSSES		
Seit dem 31. Dezember 2012 hat es keine wesentlichen negativen Veränderungen in den Aussichten der Emittentin gegeben.		
WESENTLICHE VERÄNDERUNGEN IN DER FINANZLAGE DER GRUPPE NACH DEM VON DEN HISTORISCHEN FINANZINFORMATIONEN ABGEDECKTEN ZEITRAUM		
Seit dem 30. Juni 2013 hat es keine wesentliche Veränderung in der Finanzlage der Emittentengruppe gegeben.		

5. In the Base Prospectus 2012, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the first paragraph in the subsection **"Significant Changes"** shall be replaced as follows:

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the Issuer Group has been published).

6. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the subsection "**Documents incorporated by reference**" shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;

- (viii) Notes on the consolidated accounts on pages 373 to 474;
- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman’s statement on pages 10 to 11;
- (xii) Group Chief Executive’s review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors’ remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors’ responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
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- (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;
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 - (ix) Parent company financial statements and notes on pages 420 to 431;
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 - (xix) Directors’ remuneration report on pages 274 to 295;
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 - (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;
6. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;

8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013;
9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013; and
10. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published via the RNS on 30 August 2013.

The documents referred to above were filed with the FSA and with the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

7. In the Base Prospectus 2013, in the section "**INFORMATION ABOUT THE ISSUER**" the first paragraph under the subsection "**No significant change and no material adverse change**" shall be replaced as follows:

There has been no significant change in the financial position of the Issuer and the Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the Issuer Group has been published).

8. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
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10. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published via the RNS on 30 August 2013.

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To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 4 September 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

2 August 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**NINTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**SECOND SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that Ross McEwan has been appointed as RBSG Chief Executive which was published on 2 August 2013; and

(ii) to update the Base Prospectuses with respect to the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013.

1. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", in the subsection "**Recent developments**" after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" the following paragraph shall be inserted:

Ross McEwan appointed as RBSG Chief Executive

On 2 August 2013, RBSG announced that Ross McEwan has been appointed as a Director and Group Chief Executive with effect from 1 October 2013.

2. In the Base Prospectus 2012, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the **"RNS"**) on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;

- (viii) Notes on the consolidated accounts on pages 373 to 474;
- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman’s statement on pages 10 to 11;
- (xii) Group Chief Executive’s review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors’ remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors’ responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
6. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;

8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013; and
9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013.

The documents referred to above were filed with the FSA and with the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

3. In the Base Prospectus 2013, in the section "**INFORMATION ABOUT THE ISSUER**"; in the subsection "**Recent developments**" after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" the following paragraph shall be inserted:

Ross McEwan appointed as RBSG Chief Executive

On 2 August 2013, RBSG announced that Ross McEwan has been appointed as a Director and Group Chief Executive with effect from 1 October 2013.

4. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
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- (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
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 - (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;
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 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013; and
 8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013; and
 9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013.

The documents referred to above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 2 August 2013

The Royal Bank of Scotland plc

By:

Signature

BENJAMIN A. WEIL
Authorised Signatory

20 June 2013

The Royal Bank of Scotland plc
*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES 2012")

(EIGHTH SUPPLEMENT)

BASE PROSPECTUS DATED 11 JUNE 2013 (THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES 2013")

(FIRST SUPPLEMENT)

(THE SECURITIES 2012 TOGETHER WITH THE SECURITIES 2013, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that Stephen Hester will be stepping down as the Group's Chief Executive which was published on 12 June 2013;

(ii) to update the Base Prospectuses with respect to planned changes in the Markets division of The Royal Bank of Scotland plc (the "**Issuer**") which were announced on 13 June 2013; and

(iii) to amend the Elements B.14 and D.6 in the sections "Summary" and "German Language version of the Summary – Deutsche Übersetzung der Zusammenfassung" of the Base Prospectus 2013.

1. In the Base Prospectus 2013, in the section "**SUMMARY**" the Element B.14 shall be replaced as follows:

B.14	DESCRIPTION OF THE GROUP AND THE ISSUER'S POSITION WITHIN THE GROUP, SUBSIDIARIES AND DEPENDENCE UPON OTHER ENTITIES WITHIN THE GROUP
	The Issuer is a wholly owned subsidiary of RBSG. In addition, see details above in Element B.5

2. In the Base Prospectus 2013, in the section "**SUMMARY**", in the Element D.6 the sentence starting with "Other risks associated with the Securities include" shall be replaced by the following sentence:

Other material risks associated with the Securities include

- (a) risks associated with Securities [represented by a Global Security]¹ [issued in dematerialised form]², because in such a case no definitive securities will be issued and the Issuer has no responsibility or liability for any acts and omissions of the Clearing Agent,
- (b) risks associated with arrangements concluded by the Securityholders with services providers to hold the Securities (nominee arrangements), because in such a case the Securityholders will be, *inter alia*, exposed to the credit risk of, and default risk with respect to third parties,
- (c) the risk that the return on an investment in the Securities will be affected by charges incurred by the Securityholders,
- (d) the risk that changes of law may affect the value of the Securities,
- (e) the risk that ratings assigned to the Issuer [or the Securities] do not reflect all risks,
- (f) the risk that legal investment constraints may restrict certain investments in the Securities,
- (g) in case that the Securityholder uses a loan to finance the purchase of the Securities, the risk that he will not be able to repay the loan principal plus interest, and
- (h) special risks associated with [commodities] [future contracts] [indices] [shares] [currencies] as the Underlying of the Securities.

¹ In case of Securities represented by a Global Security.

² In case of Securities issued in dematerialised form.

3. In the Base Prospectus 2013, in the section “**GERMAN LANGUAGE VERSION OF THE SUMMARY – DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG**” the Element B.14 (*Gliederungspunkt B.14*) shall be replaced as follows:

B.14	BESCHREIBUNG DER GRUPPE UND STELLUNG DER EMITTENTIN, TOCHTERGESELLSCHAFTEN UND ABHÄNGIGKEIT VON ANDEREN EINHEITEN INNERHALB DER GRUPPE
	Die Emittentin ist eine hundertprozentige Tochtergesellschaft der RBSG. Im Übrigen siehe Angaben unter dem Gliederungspunkt B.5.

4. In the Base Prospectus 2013, in the section "**GERMAN LANGUAGE VERSION OF THE SUMMARY – DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG**" in the Element D.6 (*Gliederungspunkt D.6*) the sentence starting with "Zu den sonstigen Risiken, die mit den Wertpapieren verbunden sind, gehören:" shall be replaced by the following sentence:

Zu den sonstigen Risiken mit wesentlicher Bedeutung, die mit den Wertpapieren verbunden sind, gehören:

- (a) Risiken im Zusammenhang mit den Wertpapieren, [die durch Globalurkunden verbrieft]¹ [die in dematerialisierter Form begeben]² werden, da in diesem Fall keine Einzelurkunden ausgegeben werden und die Emittentin nicht für Handlungen und Unterlassungen der Clearingstelle haftet,
- (b) Risiken im Zusammenhang mit Vereinbarungen, die Wertpapierinhaber mit Dienstleistern über das Halten von Wertpapieren (Nominee-Vereinbarungen) abschließen, da in diesem Fall die Wertpapierinhaber u.a. auch einem Kredit- und Ausfallrisiko Dritter ausgesetzt sind,
- (c) das Risiko, dass die mit einer Anlage in die Wertpapiere erzielte Rendite durch Gebühren beeinträchtigt wird, die für die Wertpapierinhaber anfallen,
- (d) das Risiko, dass Gesetzesänderungen den Wert der Wertpapiere beeinträchtigen könnten,
- (e) das Risiko, dass die der Emittentin [oder den Wertpapieren] zugewiesenen Ratings nicht alle Risiken widerspiegeln,
- (f) das Risiko, dass rechtliche Anlagevorschriften bestimmte Anlagen in die Wertpapiere einschränken,
- (g) im Fall einer Finanzierung des Kaufs der Wertpapiere mittels eines Darlehens durch den Wertpapierinhaber das Risiko, dass er möglicherweise nicht in der Lage ist, den Darlehensbetrag zuzüglich Zinsen zurückzuzahlen, und
- (h) besondere Risiken im Zusammenhang mit [Rohstoffen] [Terminkontrakten] [Indizes] [Aktien] [Währungen] als Basiswert der Wertpapiere.

¹ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

² Im Fall von in dematerialisierter Form begebenen Wertpapieren.

5. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", in the subsection "**Recent developments**", the following two paragraphs shall be inserted after the paragraph with the heading "*Planned management changes*":

Stephen Hester to leave the Group

The Board of Directors of RBSG announced on 12 June 2013 that Stephen Hester will be stepping down as the Group's Chief Executive later in 2013. The Board believes that an orderly succession process will give a new CEO time to prepare the privatisation process and to lead the bank in the years that follow. Stephen was unable to make that open-ended commitment following five years in the job already. The search for a successor will commence immediately, led by Philip Hampton on behalf of the Board, and will consider both internal and external candidates. Stephen Hester will continue to lead the business until December 2013 to ensure a smooth handover, unless a successor is in post before then.

Refocusing of the Markets division of the Issuer

On 13 June 2013, the Issuer announced that it will be refocusing its Markets division to concentrate on its core wholesale fixed income product strengths across rates, currencies, asset-backed products and credit and debt capital markets. As part of this exercise, the Issuer plans to exit all structured retail investor products (which includes new primary market issuance of Securities offered under this Base Prospectus), equity derivatives (other than liquid equity index products within its Dynamic Strategies and Hybrids businesses), as well as peripheral market-making activities. The businesses that the Issuer plans to exit will be transferred to a business unit of the Issuer managed in the Markets division where it is intended that they will be divested through a sales process or otherwise exited through a managed wind-down process. The Issuer intends to continue to provide secondary market liquidity for all relevant products where it is legally or contractually required to do so. The Exchange Traded Product business of the Issuer will, for the time being, continue to issue certain products during the sales process. Save for Exchange Traded Products, primary market transactions will only be executed on an exceptions basis. The Issuer remains committed to meeting its existing obligations to its customers.

6. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the subsection "**Documents incorporated by reference**" shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
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5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

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 - (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;
6. the unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published via the RNS on 3 May 2013;
 7. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013; and
 8. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013.

The documents mentioned above were filed with the FSA and with the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

7. In the Base Prospectus 2013, in the section "**INFORMATION ABOUT THE ISSUER**", in the subsection "**Recent developments**", the following two paragraphs shall be inserted after the paragraph with the heading "Planned management changes":

Stephen Hester to leave the Group

The Board of Directors of RBSG announced on 12 June 2013 that Stephen Hester will be stepping down as the Group's Chief Executive later in 2013. The Board believes that an orderly succession process will give a new CEO time to prepare the privatisation process and to lead the bank in the years that follow. Stephen was unable to make that open-ended commitment following five years in the job already. The search for a successor will commence immediately, led by Philip Hampton on behalf of the Board, and will consider both internal and external candidates. Stephen Hester will continue to lead the business until December 2013 to ensure a smooth handover, unless a successor is in post before then.

Refocusing of the Markets division of the Issuer

On 13 June 2013, the Issuer announced that it will be refocusing its Markets division to concentrate on its core wholesale fixed income product strengths across rates, currencies, asset-backed products and credit and debt capital markets. As part of this exercise, the Issuer plans to exit all structured retail investor products (which includes new primary market issuance of Securities offered under this Base Prospectus), equity derivatives (other than liquid equity index products within its Dynamic Strategies and Hybrids businesses), as well as peripheral market-making activities. The businesses that the Issuer plans to exit will be transferred to a business unit of the Issuer managed in the Markets division where it is intended that they will be divested through a sales process or otherwise exited through a managed wind-down process. The Issuer intends to continue to provide secondary market liquidity for all relevant products where it is legally or contractually required to do so. The Exchange Traded Product business of the Issuer will, for the time being, continue to issue certain products during the sales process. Save for Exchange Traded Products, primary market transactions will only be executed on an exceptions basis. The Issuer remains committed to meeting its existing obligations to its customers.

8. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;

- (v) Consolidated statement of changes in equity on pages 356 to 358;
- (vi) Consolidated cash flow statement on page 359;
- (vii) Accounting policies on pages 360 to 372;
- (viii) Notes on the consolidated accounts on pages 373 to 474;
- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on page 2 to 3;
- (xi) Chairman’s statement on page 10 to 11;
- (xii) Group Chief Executive’s review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293;
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 320 to 321;
- (xix) Directors’ remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors’ responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;

- (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
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To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 20 June 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

11 June 2013

The Royal Bank of Scotland plc
(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)

BASE PROSPECTUS
IN ACCORDANCE WITH
SECTION 6 OF THE GERMAN SECURITIES PROSPECTUS ACT
RELATING TO
TURBO WARRANTS AND OPEN END TURBO WARRANTS
THE ROYAL BANK OF SCOTLAND PLC
LAUNCHPAD PROGRAMME

This base prospectus (the "**Base Prospectus**") relating to turbo warrants and open end turbo warrants (the "**Securities**") issued by The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland, or through its office in London or any other office as specified in the Final Terms (as defined below) (the "**Issuer**") under its LaunchPAD Programme was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; the "**BaFin**") in accordance with Section 13(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*; the "**WpPG**") on or after the date of this Base Prospectus. The BaFin did not review this Base Prospectus with respect to the accuracy of its contents but approved the Base Prospectus on the basis of a mere review as to the completeness of the Base Prospectus, including a review of the coherence and comprehensibility of the presented information.

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**") as well as in

connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the “**Supplements**”).

For each tranche of Securities issued on the basis of this Base Prospectus so-called final terms (the “**Final Terms**”) will be published in a separate document and will state the terms and conditions applying to the Securities. Certain information in relation to the Securities which is set out in this Base Prospectus as options or placeholders, as the case may be, will be stated in the Final Terms. The applicable options will be determined in the Final Terms and the applicable placeholders will be completed in the Final Terms.

For a detailed description of the risks associated with an investment in the Securities, see “Risk Factors”, which are included in this Base Prospectus as well as in the Registration Document or any Supplements. The risks set out as options in this Base Prospectus which apply to the Securities will be determined in the Final Terms.

Complete information on the Issuer and a specific issue can only be derived from this Base Prospectus, the Registration Document, any Supplements as well as the respective Final Terms.

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SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “Not applicable”.

ELEMENT	SECTION A – INTRODUCTION AND WARNINGS
A.1	WARNINGS
	<p>This summary should be read as an introduction to the base prospectus.</p> <p>Any decision to invest in the securities should be based on a consideration of the base prospectus of the issuer as a whole and any supplements together with the final terms by the investor.</p> <p>Where a claim relating to the information contained in the base prospectus is brought before a court, the plaintiff investor may, under the national legislation of the European Economic Area member states, have to bear the costs of translating the base prospectus before the legal proceedings are initiated.</p> <p>The Royal Bank of Scotland plc who is responsible for the summary including the translation thereof can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the base prospectus or it does not provide, when read together with the other parts of the base prospectus, all required key information.</p>
A.2	CONSENT(S)
	<p>The Issuer (as defined in Element B.1) consents to the use of the base prospectus of the Issuer dated 11 June 2013 relating to Turbo Warrants and Open End Turbo Warrants (the “Base Prospectus”) and any supplements together with the final terms • (the “Final Terms”) for subsequent resale or final placement of the Securities (as defined in Element C.1) by all financial intermediaries (general consent) as long as the Base Prospectus and the Final Terms are valid in accordance with Section 9 of the German Securities</p>

	<p>Prospectus Act (<i>Wertpapierprospektgesetz</i>; the “WpPG”).</p> <p>The subsequent resale or final placement of the Securities by financial intermediaries can be made as long as the Base Prospectus and the Final Terms are valid in accordance with Section 9 WpPG.</p> <p>The consent to the use of the Base Prospectus and any supplements as well as the Final Terms is subject to the conditions that (a) the Securities are publicly offered by a financial intermediary in accordance with the applicable selling restrictions and (b) the consent to the use of the Base Prospectus and any supplements as well as the Final Terms has not been revoked by the Issuer.</p> <p>In case of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.</p>
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SECTION B – ISSUER	
B.1	LEGAL AND COMMERCIAL NAME OF THE ISSUER
	The legal name of the Issuer is The Royal Bank of Scotland plc (the “ Issuer ”). The commercial name of the Issuer is The Royal Bank of Scotland or RBS.
B.2	DOMICILE AND LEGAL FORM OF THE ISSUER, LEGISLATION UNDER WHICH THE ISSUER OPERATES AND ITS COUNTRY OF INCORPORATION
	The Issuer is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. Its registered office is at 36 St Andrew Square, Edinburgh, EH2 2YB, Scotland.
B.4B	KNOWN TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES
	<p>Key broad trends which affect the businesses and performance of the Issuer and (as defined in Element B.5, respectively) the Issuer Group and the Group:</p> <p>The Group’s businesses, earnings and financial condition have been and will continue to be negatively affected by global economic conditions, the instability in the global financial markets and increased competition and political risks including proposed referenda on Scottish independence and United Kingdom membership of the EU. Together with a perceived increased risk of default on the sovereign debt of certain European countries and unprecedented stresses on the financial system within the Eurozone, these factors have resulted in significant changes in market conditions including interest rates, foreign exchange rates, credit spreads, and other market factors and consequent changes in asset valuations and have, in part, contributed to continued pressure on revenues, margins and return on equity across the financial sector. The actual or perceived failure or</p>

<p>worsening credit of the Group's counterparties or borrowers and depressed asset valuations resulting from poor market conditions have adversely affected and could continue to adversely affect the Group. 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 inability to access liquidity and funding due to market conditions or otherwise could adversely affect the Group's financial condition. Furthermore, the Group's borrowing costs and its access to the debt capital markets and other sources of liquidity depend significantly on its and the United Kingdom Government's credit ratings.</p> <p>The Group is subject to a number of regulatory initiatives which may adversely affect its business, including the UK Government's implementation of the final recommendations of the Independent Commission on Banking's final report on competition and possible structural reforms in the UK banking industry, the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the Group's US operations. The Group's business performance, financial condition and capital and liquidity ratios could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements, including those arising out of Basel III implementation (globally or by European or UK authorities). As a result of the UK Government's majority shareholding in RBSG it can, and in the future may decide to, exercise a significant degree of influence over the Group including on dividend policy, modifying or cancelling contracts or limiting the Group's operations. The offer or sale by the UK Government of all or a portion of its shareholding in RBSG could affect the market price of the equity shares and other securities and acquisitions of ordinary shares by the UK Government (including through conversions of other securities or further purchases of shares). RBSG or any of its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures and various actions could be taken by or on behalf of the UK Government, including actions in relation to any securities issued, new or existing contractual arrangements and transfers of part or all of the Group's businesses.</p> <p>The Group is subject to substantial regulation and oversight, and any significant regulatory, accounting or legal developments could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition. The Group, like many other financial institutions, has come under greater regulatory scrutiny in recent years and expects that environment to continue for the foreseeable future, particularly as it relates to compliance with new and existing corporate governance, employee compensation, conduct of business, anti-money laundering and anti-terrorism laws and regulations, as well as the provisions of applicable sanctions programmes and the impact of the increasing focus on conduct risk and customer outcomes. In addition, the Group is, and may be, subject to litigation and regulatory investigations that may impact its business, results of operations and financial condition.</p> <p>The Group's ability to implement its strategic plan depends on the success of its efforts to</p>

	<p>refocus on its core strengths and its balance sheet reduction programme. As part of the Group's strategic plan and implementation of the state aid restructuring plan agreed with the European Commission and Her Majesty's Treasury, the Group is undertaking an extensive restructuring which may adversely affect the Group's business, results of operations and financial condition and give rise to increased operational risk. The ability to dispose of assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain challenging, and there is no assurance that the Group will be able to sell or run-down (as applicable) those remaining businesses it is seeking to exit or asset portfolios it is seeking to sell either on favourable economic terms to the Group or at all. Any significant developments in regulatory or tax legislation could have an effect on how the Group conducts its business and on its results of operations and financial condition, and the recoverability of certain deferred tax assets recognised by the Group is subject to uncertainty. The Group may be required to make contributions to its pension schemes and government compensation schemes, either of which may have an adverse impact on the Group's results of operations, cash flow and financial condition.</p>
B.5	THE GROUP AND THE ISSUER'S POSITION WITHIN THE GROUP
	<p>The Group</p> <p>The Issuer is a wholly owned subsidiary of The Royal Bank of Scotland Group plc ("RBSG"). RBSG is the holding company of a large global banking and financial services group (RBSG, together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "Group"). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States of America and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc ("NatWest"). Both the Issuer and NatWest are major United Kingdom clearing banks. In the United States of America, the Group's subsidiary, RBS Citizens Financial Group, Inc., 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.</p> <p>The Issuer Group</p> <p>The Issuer Group comprises the Issuer with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "Issuer Group"), including the principal subsidiary undertakings of the Issuer:</p> <ul style="list-style-type: none"> • National Westminster Bank Plc • RBS Citizens Financial Group, Inc. • Coutts & Company • RBS Securities Inc. • Ulster Bank Limited

	The Issuer Group operates in the United Kingdom, the United States of America and internationally and offers banking and financial services as part of the Group.																																													
B.9	PROFIT FORECAST OR ESTIMATE																																													
	Not applicable. No profit forecasts or estimates were made by the Issuer.																																													
B.10	QUALIFICATIONS IN THE AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION																																													
	Not applicable. There are no qualifications in the audit report of the Issuer on its historical financial information.																																													
B.12	SELECTED HISTORICAL KEY FINANCIAL INFORMATION OF THE ISSUER																																													
	<p>Selected financial information of the Issuer for the years ended 31 December 2012 and 31 December 2011</p> <p>The following table summarises certain financial information of the Issuer for its financial years ended 31 December 2012 and 31 December 2011 and has been extracted without adjustment from the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2012 which were prepared in accordance with International Financial Reporting Standards (IFRS).</p> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended 31 December 2012 £m (audited)</i></th> <th style="text-align: right;"><i>Year ended 31 December 2011 £m (audited)</i></th> </tr> </thead> <tbody> <tr> <td>Operating loss before tax.....</td> <td style="text-align: right;">(3,412)</td> <td style="text-align: right;">(864)</td> </tr> <tr> <td>Tax charge.....</td> <td style="text-align: right;">(364)</td> <td style="text-align: right;">(731)</td> </tr> <tr> <td>Loss for the year</td> <td style="text-align: right;"><u>(3,776)</u></td> <td style="text-align: right;"><u>(1,595)</u></td> </tr> </tbody> </table> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>31 December 2012 £m (audited)</i></th> <th style="text-align: right;"><i>31 December 2011 £m (audited)</i></th> </tr> </thead> <tbody> <tr> <td>Called-up share capital</td> <td style="text-align: right;">6,609</td> <td style="text-align: right;">6,609</td> </tr> <tr> <td>Reserves.....</td> <td style="text-align: right;">52,679</td> <td style="text-align: right;">55,117</td> </tr> <tr> <td>Owners' equity</td> <td style="text-align: right;">59,288</td> <td style="text-align: right;">61,726</td> </tr> <tr> <td>Non-controlling interests</td> <td style="text-align: right;">137</td> <td style="text-align: right;">128</td> </tr> <tr> <td>Subordinated liabilities</td> <td style="text-align: right;">33,851</td> <td style="text-align: right;">32,324</td> </tr> <tr> <td>Capital resources</td> <td style="text-align: right;"><u>93,276</u></td> <td style="text-align: right;"><u>94,178</u></td> </tr> </tbody> </table> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>31 December 2012 £m (audited)</i></th> <th style="text-align: right;"><i>31 December 2011 £m (audited)</i></th> </tr> </thead> <tbody> <tr> <td>Deposits.....</td> <td style="text-align: right;">621,457</td> <td style="text-align: right;">581,485</td> </tr> <tr> <td>Loans and advances to customers and banks.....</td> <td style="text-align: right;">576,904</td> <td style="text-align: right;">586,539</td> </tr> <tr> <td>Total assets.....</td> <td style="text-align: right;">1,284,274</td> <td style="text-align: right;">1,432,781</td> </tr> </tbody> </table>		<i>Year ended 31 December 2012 £m (audited)</i>	<i>Year ended 31 December 2011 £m (audited)</i>	Operating loss before tax.....	(3,412)	(864)	Tax charge.....	(364)	(731)	Loss for the year	<u>(3,776)</u>	<u>(1,595)</u>		<i>31 December 2012 £m (audited)</i>	<i>31 December 2011 £m (audited)</i>	Called-up share capital	6,609	6,609	Reserves.....	52,679	55,117	Owners' equity	59,288	61,726	Non-controlling interests	137	128	Subordinated liabilities	33,851	32,324	Capital resources	<u>93,276</u>	<u>94,178</u>		<i>31 December 2012 £m (audited)</i>	<i>31 December 2011 £m (audited)</i>	Deposits.....	621,457	581,485	Loans and advances to customers and banks.....	576,904	586,539	Total assets.....	1,284,274	1,432,781
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	NO MATERIAL ADVERSE CHANGE IN THE PROSPECTS OF THE ISSUER
	There has been no material adverse change in the prospects of the Issuer since 31 December 2012.
	SIGNIFICANT CHANGES IN THE FINANCIAL POSITION OF THE GROUP SUBSEQUENT TO THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION
	There has been no significant change in the financial position of the Issuer Group taken as a whole since 31 December 2012.
B.13	RECENT EVENTS PARTICULAR TO THE ISSUER WHICH ARE TO A MATERIAL EXTENT RELEVANT TO THE EVALUATION OF THE ISSUER'S SOLVENCY
	Not applicable. There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	DEPENDENCE UPON OTHER ENTITIES WITHIN THE GROUP
	The Issuer is a wholly owned subsidiary of RBSG.
B.15	ISSUER'S PRINCIPAL ACTIVITIES
	<p>The Group's principal activities also comprise the activities of the Issuer and the Issuer Group and are organised in the following segments:</p> <ul style="list-style-type: none"> • Retail and Commercial: <ul style="list-style-type: none"> • UK Retail: a comprehensive range of banking products and related financial services to the personal market in the United Kingdom • UK Corporate: banking, finance and risk management services to the corporate and small and medium-size enterprise (SME) sector in the United Kingdom • Wealth: private banking and investment services • International Banking: financing, transaction services and risk management • Ulster Bank: a comprehensive range of financial services through both its retail and corporate banking divisions • US Retail & Commercial: financial services primarily through the Citizens and Charter One brands • Markets: an origination, sales and trading business across debt finance, fixed income, currencies and investor products • Central Functions: comprises Group and corporate functions, such as treasury, finance, risk management, legal, communications and human resources • Non-Core: manages separately assets that the Group intends to run off or

	dispose of <ul style="list-style-type: none"> • Business Services: supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services.
B.16	OWNERSHIP AND CONTROL OF THE ISSUER
	The Issuer is a wholly owned subsidiary of RBSG.

SECTION C – SECURITIES¹	
C.1	TYPE AND CLASS OF THE SECURITIES, INCLUDING ANY SECURITY IDENTIFICATION NUMBER
	<p>[The securities issued under the Base Prospectus and described in the Final Terms (the “Securities” or [the “Turbo Warrants”] [the “Open End Turbo Warrants”]) are bearer securities pursuant to Section 793 et seq. of the German Civil Code (<i>Bürgerliches Gesetzbuch</i>) which are represented by a global bearer security (the “Global Security”) deposited with the Clearing Agent and will be transferable only in accordance with the laws, rules and procedures applicable to the Clearing Agent through whose systems the Securities are transferred.]²</p> <p>[The securities issued under the Base Prospectus and described in the Final Terms (the “Securities” or [the “Turbo Warrants”] [the “Open End Turbo Warrants”]) are issued in dematerialised form and are 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 applicable laws and the rules and procedures applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “Applicable Rules”).]³</p> <p>“Clearing Agent” means •.</p> <p>[ISIN: •*] [WKN: •*] [NDX Short Name: •*] [Common Code: •*] [•*]</p> <p>No definitive securities will be issued.</p>
C.2	CURRENCY OF THE SECURITIES ISSUE
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C.5	RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE SECURITIES

¹ The use of the symbol * in the following Section C - Securities indicates that the relevant information for each series of Securities may, in respect of more than one series of Securities referred to in this summary, be presented in a table.

² In case of Securities represented by a Global Security.

³ In case of Securities issued in dematerialised form.

	<p>Not applicable.</p> <p>The Securities are freely transferable [in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred]⁴ [in accordance with the Applicable Rules]⁵.</p>
C.8	<p>RIGHTS ATTACHED TO THE SECURITIES, INCLUDING RANKING AND LIMITATIONS TO THOSE RIGHTS</p>
	<p><i>Rights Attached to the Securities</i></p> <p>The rights of the Securityholder are set forth in the terms and conditions of the Securities set out in the general conditions (the “General Conditions”) and in the securities-specific product conditions (the “Product Conditions”) and as summarised in this summary. The General Conditions and the Product Conditions applying to the Securities are referred to as “Conditions” and “Securityholder” means [the holder of a unit in the Global Security]⁶ [a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules]⁷.</p> <p>[Turbo Warrants have a fixed maturity and will be automatically exercised on the Exercise Date (as defined in Element C.16), provided that neither a Knock-out Event nor any other early termination event has occurred.]⁸</p> <p>[Open End Turbo Warrants are open ended, which means they have no fixed maturity. They can be exercised by the Securityholder only on the Exercise Date (as defined in Element C.16) (the “Exercise”), provided that neither a Knock-out Event nor any other early termination event has occurred and notwithstanding notice of an Issuer Call. In case of an Exercise, the Securityholder must deliver a duly completed exercise notice prior to the exercise time on the Exercise Date.</p> <p>Furthermore, the Open End Turbo Warrants can be terminated in whole (but not in part) by the Issuer (the “Issuer Call”), subject to a valid Exercise, the occurrence of a Knock-out Event or any other early termination events.]⁹</p> <p>In the case that during the term of the Securities a Knock-out Event occurs, the Securities will terminate automatically. A “Knock-out Event” occurs if the [bid] [ask] [bid low] [ask high] [mid-market] [price] [level] [●] of the Underlying (as defined in Element C.20) [quoted on the relevant exchange] [or the Knock-out Index]¹⁰ is [less than]¹¹ [greater than]¹² or equal to a certain pre-determined barrier.</p>

⁴ In case of Securities represented by a Global Security.

⁵ In case of Securities issued in dematerialised form.

⁶ In case of Securities represented by a Global Security.

⁷ In case of Securities issued in dematerialised form.

⁸ In case of Turbo Warrants.

⁹ In case of Open End Turbo Warrants.

¹⁰ In case of X-Turbo Warrants.

¹¹ In case of Warrants Call.

¹² In case of Warrants Put.

	<p>["Knock-out Index" means the X-DAX[®] [(Bloomberg Code: ●)] [●]¹³ as generally calculated and announced by the index sponsor according to the index rules from (and including) 8.00am Central European Time up to (and excluding) 9.00am Central European Time and from (and including) 5.45pm Central European Time up to (and including) 10.15pm Central European Time.]¹⁴</p> <p>Following any such termination, the Securityholder will receive the Cash Amount or the Knock-out Amount (both as defined in Element C.18), if any, on the Maturity Date (as defined in Element C.16).</p> <p><i>[Quanto Securities</i></p> <p>As the settlement currency of the Securities is different to the underlying currency and the Securities have a quanto feature which constitutes a fixed rate of exchange between the two currencies. [The Issuer will charge the Securityholder for arranging and maintaining such quanto feature by way of reducing the amount received by the Securityholder on exercise or termination.]]</p> <p><i>[Index Early Termination Event</i></p> <p>An "Index Early Termination Event" occurs if the total number of securities or other financial instruments comprised in the Underlying (as defined in Element C.20) is less than the Number of Instruments. The "Number of Instruments" means ●*. In case of an Index Early Termination Event the Securities will terminate automatically and the Securityholder will receive the Cash Amount (as defined in Element C.18).]</p> <p><i>Early Termination by the Issuer [other than in the event of an Issuer Call]¹⁵</i></p> <p>The Issuer has the right to terminate the Securities early for reasons of illegality or tax or due to certain events impairing the Issuer's hedge positions or materially affecting the Underlying (as defined in Element C.20). In such case, the amount payable on such early termination shall be equal to the fair market value of the Security, less the cost to the Issuer of unwinding any related hedging arrangements.</p> <p><i>Adjustments</i></p> <p>The Issuer or the calculation agent, as the case may be, has the right to adjust the Conditions of the Securities to account for certain events impairing the Issuer's hedge positions or materially affecting the Underlying (as defined in Element C.20).</p> <p><i>Payment disruption</i></p> <p>The calculation agent may delay payment of any amounts owed under the Securities upon the occurrence of certain events that disrupt the calculation agent's ability to determine the reference price(s) of the Underlying (as defined in Element C.20) or to make such</p>
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¹³ Insert alternative source where X-DAX is published.

¹⁴ In case of X-Turbo Warrants.

¹⁵ In case of Open End Turbo Warrants.

	<p>payment in the currency in which such payment is due. In such circumstances the calculation agent may determine the relevant reference price of the Underlying in its reasonable discretion (<i>billiges Ermessen</i>) or make adjustments to the Conditions.</p> <p>The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income and the Securities do not grant any claim to dividends either.</p> <p><i>Status of the Securities</i></p> <p>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.</p> <p><i>Governing Law</i></p> <p>The Securities shall be governed by, and construed in accordance with, German law.</p>
C.11	ADMISSION TO TRADING
	<p>[It is intended to apply for trading of the Securities on the following [stock exchange[s]] [and] [[un]official market[s]] with effect from the issue date: [the <i>Freiverkehr</i> of the Frankfurt Stock Exchange (Scoach [Premium] segment)] [and] [the <i>Freiverkehr</i> of the Stuttgart Stock Exchange (EUWAX segment)] [•]].</p> <p>[It is not intended to apply for trading of the Securities on a stock exchange or on an official or unofficial market.]</p>
C.15	DESCRIPTION HOW THE VALUE OF THE SECURITY IS AFFECTED BY THE VALUE OF THE UNDERLYING
	<p>The Securities are investment instruments which track the performance of the Underlying (as defined in Element C.20). The Securities have a so-called leverage effect. This effect means that the amount needed to invest in a Security to gain the same economic participation as a direct investment in the Underlying is considerably less than the amount which would be required for a direct investment in the Underlying. Therefore, the percentage gain if the [level] [price] of the Underlying [rises]¹⁶ [falls]¹⁷ and the percentage loss if the [level] [price] of the Underlying [falls]¹⁸ [rises]¹⁹ is considerably higher with the Securities than with a direct investment in the Underlying.</p> <p>Furthermore, if during the term of the Securities a Knock-out Event (as defined in Element C.8) occurs, the Securities will terminate automatically. Since a Knock-out Event occurs if the [price] [level] of the Underlying [or the Knock-out Index (as defined in Element C.8)]²⁰</p>

¹⁶ In case of Warrants Call.

¹⁷ In case of Warrants Put.

¹⁸ In case of Warrants Call.

¹⁹ In case of Warrants Put.

²⁰ In case of X-Turbo Warrants or X-Turbo Open End Warrants.

	is [less than] ²¹ [greater than] ²² or equal to a certain pre-determined barrier, the [price] [level] of the Underlying [or the Knock-out Index] ²³ affects the value of the Securities and results in a total loss of the investment.
C.16	MATURITY DATE, VALUATION DATE, EXERCISE DATE [, ISSUER CALL DATE] ²⁴ [,] [AND] KNOCK-OUT TERMINATION DATE [AND INDEX EARLY TERMINATION DATE]
	<p>The “Maturity Date” is the [third] [●] business day following the termination of the Security following [an automatic exercise or]²⁵ [an exercise by the Securityholder, termination by the Issuer or]²⁶ an automatic termination.</p> <p>[The “Valuation Date” means the Exercise Date and the “Exercise Date” means ●*.]²⁷</p> <p>[The “Valuation Date” means the last trading day of [March] [●] in each year, commencing [one year] [●] after the issue date and the “Exercise Date” means the ● business day preceding the scheduled Valuation Date.</p> <p>The “Issuer Call Date” means the day the Securities are terminated by the Issuer.]²⁸</p> <p>The “Knock-out Termination Date” means the day the Securities are automatically terminated due to a Knock-out Event.</p> <p>[The “Index Early Termination Date” means the day on which an Index Early Termination Event occurs.]</p>
C.17	SETTLEMENT PROCEDURE
	<p>The Securities will be settled via the Clearing Agent (as defined in Element C.1).</p> <p>The Securities will be delivered on the issue date against payment of the issue price.</p> <p>On maturity payments will be effected by the Issuer to, or for the order of, the Clearing Agent for crediting to the accounts of the respective holders of accounts with the Clearing Agent.</p>
C.18	RETURN ON THE SECURITIES
	Following an [automatic exercise] ²⁹ [Exercise or Issuer Call] ³⁰ [as well as in case of an Index Early Termination Event], the amount payable by the Issuer on the Maturity Date (as defined in Element C.16) (the “ Cash Amount ”) will be determined as follows and less

²¹ In case of Warrants Call.

²² In case of Warrants Put.

²³ In case of X-Turbo Warrants or X-Turbo Open End Warrants.

²⁴ In case of Open End Turbo Warrants.

²⁵ In case of Turbo Warrants.

²⁶ In case of Open End Turbo Warrants.

²⁷ In case of Turbo Warrants.

²⁸ In case of Open End Turbo Warrants.

²⁹ In case of Turbo Warrants.

³⁰ In case of Open End Turbo Warrants.

	<p>expenses (if any):</p> <p>[The difference between (a) the Final Reference Price and (b) the Strike; multiplied with the Multiplier.]³¹</p> <p>[The difference between (a) the Strike and (b) the Final Reference Price; multiplied with the Multiplier.]³²</p> <p>[The Cash Amount, if any, will be converted into the settlement currency using a certain exchange rate between the settlement currency and the currency in which the Underlying (as defined in Element C.20) is denominated.]³³</p> <p>The Final Reference Price is defined in Element C.19.</p> <p>[The “Strike” means •*. The Strike is determined on the issue date by taking into account the costs for creating and maintaining the leverage (as described in Element C.15), the so called funding costs, and the Strike will not be subject to regular adjustments.]³⁴</p> <p>[The “Strike” is determined on the issue date and will then be adjusted on each trading day during the term of the Securities by taking into account the costs for creating and maintaining the leverage (as described in Element C.15), the so called funding costs. The funding costs, which will be determined on each trading day, consist of a certain reference rate and a funding spread. The funding spread is a rate which is determined in the reasonable discretion (<i>billiges Ermessen</i>) of the calculation agent taking into consideration the underlying currency and the prevailing market conditions. The funding spread may be reset on any trading day and is subject to a maximum funding spread as specified in the Final Terms. [Any dividends paid will [not] be accounted for in the Strike.]³⁵</p> <p>The Strike on the issue date means •*.]³⁶</p> <p>“Multiplier” means •*.</p> <p>The “Knock-out Amount” means [EUR 0.001] [•].</p> <p>Payments will be effected by the Issuer to, or for the order of, the Clearing Agent for crediting to the accounts of the respective holders of accounts with the Clearing Agent. By making payments to, or for the order of, the Clearing Agent, the Issuer will be discharged from its payment obligation for each amount so paid. The Issuer may deviate from the above payment method having given prior notice to the Securityholders. In this case, payment will be made to the Securityholders in such manner as shall be specified in the notice.</p>
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³¹ In case of Warrants Call.

³² In case of Warrants Put.

³³ In case the settlement currency is different to the currency of the Underlying.

³⁴ In case of Turbo Warrants.

³⁵ In case of Open End Turbo Warrants and a share or a share index is the Underlying.

³⁶ In case of Open End Turbo Warrants.

C.19	FINAL REFERENCE PRICE
	The Final Reference Price will be determined on the Valuation Date (as defined in Element C.16), provided that an early termination of the Securities has not occurred. It is an amount equal to the [price] [level] of the Underlying [quoted on the relevant exchange] without regard to any subsequently published correction.
C.20	TYPE OF THE UNDERLYING AND WHERE INFORMATION ON THE UNDERLYING CAN BE FOUND
	Type: [commodity] [commodity futures contract] [currency] [index] [index futures contract] [share] ³⁷ <p>“Underlying” means •*.</p> <p>[The Underlying may be substituted by an equivalent underlying during the term of the Open End Turbo Warrants.]³⁸</p> <p>[Information on the Underlying can be obtained via the Issuer and on the Issuer's website • (or any successor website) [and on •*].]³⁹</p>

SECTION D - RISKS	
D.2	KEY RISKS SPECIFIC TO THE ISSUER
	<p>The Issuer is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the Group will also be of relevance to the Issuer and the Issuer Group.</p> <ul style="list-style-type: none"> • The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions. • The Group has significant exposure to the continuing economic crisis in Europe. • The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected. • The Group is subject to political risks. Although the effect of either a potential Scottish independence from the United Kingdom or any referendum on the United Kingdom's EU membership, if either were to occur, is not possible to predict fully, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. • The Group and its United Kingdom bank subsidiaries may face the risk of full

³⁷ However, not a share of the Issuer or of any other company of the Group.

³⁸ In case of Open End Turbo Warrants and an Underlying with a fixed maturity.

³⁹ Include details of where information on the Underlying can be obtained, including the past and future performance and volatility of the Underlying. Where the Underlying is an index include the name of the index and include details of where the information about the index can be obtained. Where the Underlying is not an index include equivalent information.

nationalisation.

- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of securities issued by the Group.
- The Group is subject to other global risks. By virtue of the Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other measures taken by sovereign governments that can hinder economic or financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the Group's business, financial condition and results of operations.
- 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.
- 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 value or effectiveness of any credit protection that the 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 Group's business and results of operations.
- In the United Kingdom and in other jurisdictions, the 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 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's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- 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'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.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.
- The regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.
- The Group is subject to a variety of risks as a result of implementing the state aid restructuring plan.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the Group's key regulators could have a material adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the Group, including the write off, write-down or conversion of the Groups' securities.
- The Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on competition and possible structural reforms in the UK banking industry has been adopted by the UK Government which intends to implement the recommendations substantially as proposed. In addition other proposals to ring fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the Group's US operations together with the UK reforms could require structural changes to the Group's business. Any of these changes could have a material adverse effect on the Group.
- The Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the Group's operating results or reputation.
- 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.

	<ul style="list-style-type: none"> • The Group's results could be adversely affected in the event of goodwill impairment. • The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits. • Operational risks are inherent in the Group's businesses. • The Group's operations are highly dependent on its information technology systems. • The Group may suffer losses due to employee misconduct. • The Group's operations have inherent reputational risk. • The 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.
D.6	KEY RISKS SPECIFIC TO THE SECURITIES
	<p>Certain factors are material for the purpose of assessing the market risks associated with the Securities. These include, but are not limited to the fact that</p> <p>(a) the Securities have a complex structure which may lead to a total loss of the investment,</p> <p>(b) a Knock-out Event (as defined in Element C.8) occurs,</p> <p>(c) the Securities may not be a suitable investment for all investors,</p> <p>(d) the value of the Securities may fluctuate,</p> <p>[(e) the issue price of the Securities includes [an agio] [,] [and/or] [commissions] [and/or] [other fees],]</p> <p>[(e)] [(f)] there may not be a secondary market in the Securities,</p> <p>[(f)] [(g)] purchasing the Securities as a hedge may not be effective,</p> <p>[(g)] [(h)] actions taken by the Issuer may affect the value of the Securities,</p> <p>[(h)] [(i)] Securityholders have no ownership interest in the Underlying,</p> <p>[(i)] [(j)] the Issuer and/or the calculation agent may make adjustments to the Conditions as a consequence of events affecting the Underlying,</p> <p>[(j)] [(k)] there may be delays in effecting settlement of the Securities,</p> <p>[(k)] [(l)] taxes may be payable by the Securityholders and</p> <p>[(l)] [(m)] the Securities may under certain circumstances be terminated by the Issuer prior to their stated date.</p>

	<p>Other risks associated with the Securities include</p> <p>(a) risks associated with Securities [represented by a Global Security]⁴⁰ [issued in dematerialised form]⁴¹,</p> <p>(b) risks associated with arrangements concluded by the Securityholders with services providers to hold the Securities (nominee arrangements),</p> <p>(c) the risk that the return on an investment in the Securities will be affected by charges incurred by the Securityholders,</p> <p>(d) the risk that changes of law may affect the value of the Securities,</p> <p>(e) the risk that ratings assigned to the Issuer [or the Securities] do not reflect all risks,</p> <p>(f) the risk that legal investment constraints may restrict certain investments in the Securities,</p> <p>(g) in case that the Securityholder uses a loan to finance the purchase of the Securities, the risk that he will not be able to repay the loan principal plus interest, and</p> <p>(h) special risks associated with [commodities] [future contracts] [indices] [shares] [currencies] as the Underlying of the Securities.</p>
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SECTION E - OFFER⁴²	
E.2B	REASONS FOR THE OFFER AND USE OF PROCEEDS
	Not applicable. The proceeds will be used for making profit and hedging certain risks.
E.3	DESCRIPTION OF THE TERMS AND CONDITIONS OF THE OFFER
	<p>Commencement of the public offer: ●</p> <p>[End of the public offer: ●. The offer period may be extended or shortened.]</p> <p>Country/Countries: ●</p> <p>[Total Amount of the Offer: ●*]</p>
E.4	INTERESTS MATERIAL TO THE ISSUE / OFFER INCLUDING CONFLICTING INTERESTS
	<p>Save for the Issuer, no person involved in the issue or offer of the Securities has a material interest in the issue or the offer.</p> <p>Conflicts of interests may arise in the case that the Issuer as such or acting as calculation agent makes adjustments to the Conditions following certain events and/or actions. In making such adjustments the Issuer can exercise substantial discretion and may therefore</p>

⁴⁰ In case of Securities represented by a Global Security.

⁴¹ In case of Securities issued in dematerialised form.

⁴² The use of the symbol * in the following Section E - Securities indicates that the relevant information for each series of Securities may, in respect of more than one series of Securities referred to in this summary, be presented in a table.

	<p>be subject to conflicts of interest.</p> <p>The Issuer may have influence on the calculation, composition and/or adjustment of the Underlying (as defined in Element C.20) which could also lead to conflicts of interest.</p> <p>Furthermore, the Issuer may for various reasons carry out advisory services, effect own or third party account transactions, or enter into certain (hedging) transactions and hold long or short positions in the Underlying. Such activities may be subject to conflicts of interest.</p> <p>[•]⁴³</p>
E.7	ESTIMATED EXPENSES CHARGED TO THE INVESTOR BY THE ISSUER OR THE OFFEROR
	<p>[Not applicable. There are no estimated expenses charged to the investor by the Issuer or the offeror.]</p> <p>[The expenses charged to the investor will be •*.]</p>

⁴³ Insert description of any additional interest that is material to the issue/offer including conflicting interests.

**GERMAN LANGUAGE VERSION OF THE SUMMARY -
DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG**

Zusammenfassungen bestehen aus bestimmten Offenlegungspflichten, den sogenannten „**Gliederungspunkten**“. Diese Gliederungspunkte sind in den Abschnitten A - E enthalten und nummeriert (A.1 – E.7).

Diese Zusammenfassung enthält alle Gliederungspunkte, die für eine Zusammenfassung dieses Typs von Wertpapieren und Emittent erforderlich sind. Da einige Gliederungspunkte nicht adressiert werden müssen, kann es Lücken in der Nummerierungsreihenfolge geben.

Auch wenn ein Gliederungspunkt aufgrund des Typs von Wertpapieren und Emittent erforderlich sein kann, besteht die Möglichkeit, dass zu diesem Gliederungspunkt keine relevanten Informationen gegeben werden können. In diesem Fall wird eine kurze Beschreibung des Gliederungspunkts mit dem Hinweis „Entfällt“ eingefügt.

PUNKT	ABSCHNITT A – EINLEITUNG UND WARNHINWEISE
A.1	WARNHINWEISE
	<p>Diese Zusammenfassung sollte als Einführung zum Basisprospekt verstanden werden.</p> <p>Der Anleger sollte jede Entscheidung zur Anlage in die Wertpapiere auf die Prüfung des gesamten Basisprospekts der Emittentin und gegebenenfalls etwaigen Nachträgen zusammen mit den endgültigen Bedingungen stützen.</p> <p>Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in dem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.</p> <p>Die The Royal Bank of Scotland, die die Verantwortung für die Zusammenfassung einschließlich der Übersetzung hiervon übernommen hat, kann haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Basisprospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Basisprospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</p>
A.2	ZUSTIMMUNG(EN)
	<p>Die Emittentin (wie unter dem Gliederungspunkt B.1 definiert) stimmt der Verwendung des Basisprospekts vom 11. Juni 2013 für Turbo Warrants und Open End Turbo Warrants (der „Basisprospekt“) und gegebenenfalls etwaiger Nachträge zusammen mit den endgültigen</p>

	<p>Bedingungen • (die „Endgültigen Bedingungen“) für eine spätere Weiterveräußerung oder endgültige Platzierung der Wertpapiere (wie unter dem Gliederungspunkt C.1 definiert) durch alle Finanzintermediäre zu (generelle Zustimmung), solange der Basisprospekt sowie die Endgültigen Bedingungen in Übereinstimmung mit § 9 Wertpapierprospektgesetz (das „WpPG“) gültig sind.</p> <p>Die spätere Weiterveräußerung oder endgültige Platzierung der Wertpapiere durch Finanzintermediäre kann während der Dauer der Gültigkeit des Basisprospekts und der Endgültigen Bedingungen gemäß § 9 WpPG erfolgen.</p> <p>Die Zustimmung zur Verwendung dieses Basisprospekts und gegebenenfalls etwaiger Nachträge sowie der Endgültigen Bedingungen steht unter den Bedingungen, dass (a) die Wertpapiere durch einen Finanzintermediär im Rahmen der geltenden Verkaufsbeschränkungen öffentlich angeboten werden und (b) die Zustimmung zur Verwendung des Basisprospekts und gegebenenfalls etwaiger Nachträge sowie der Endgültigen Bedingungen von der Emittentin nicht widerrufen wurde.</p> <p>Im Fall, dass ein Finanzintermediär ein Angebot macht, unterrichtet dieser Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen.</p>
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ABSCHNITT B - EMITTENTIN	
B.1	JURISTISCHE UND KOMMERZIELLE BEZEICHNUNG DER EMITTENTIN
	Die juristische Bezeichnung der Emittentin ist The Royal Bank of Scotland plc (die „ Emittentin “). Die kommerzielle Bezeichnung der Emittentin ist The Royal Bank of Scotland oder RBS.
B.2	SITZ UND RECHTSFORM DER EMITTENTIN, DAS FÜR DIE EMITTENTIN GELTENDE RECHT UND DAS LAND DER GRÜNDUNG DER EMITTENTIN
	Die Emittentin ist eine Aktiengesellschaft nach schottischem Recht (<i>public limited company</i>), die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist. Die Emittentin wurde am 31. Oktober 1984 nach schottischem Recht gegründet. Ihr eingetragener Sitz ist 36 St Andrew Square, Edinburgh, EH2 2YB, Schottland.
B.4B	BEKANNTE TRENDS, DIE SICH AUF DIE EMITTENTIN UND DIE BRANCHEN, IN DENEN SIE TÄTIG IST, AUSWIRKEN
	<p>Wesentliche allgemeine Trends, die sich auf die Geschäftstätigkeit und Entwicklung der Emittentin und (wie jeweils unter dem Gliederungspunkt B.5 definiert) der Emittentengruppe und der Gruppe auswirken:</p> <p>Die Geschäftsaktivitäten und die Ertrags- und Finanzlage der Gruppe wurden durch die</p>

weltweiten wirtschaftlichen Bedingungen, die Instabilität der globalen Finanzmärkte, zunehmenden Wettbewerb und politische Risiken, unter anderem die vorgeschlagenen Referenden zur Unabhängigkeit Schottlands und zur EU-Mitgliedschaft des Vereinigten Königreichs, beeinträchtigt und werden dadurch weiter beeinträchtigt werden. Diese Umstände haben zusammen mit einem vermuteten erhöhten Ausfallrisiko von Verbindlichkeiten einiger europäischer Staaten und einer bisher beispiellosen Belastung des Finanzsystems der Euro-Zone zu wesentlichen Änderungen der Marktbedingungen, einschließlich von Zinssätzen, Wechselkursen, Credit Spreads und weiteren Marktfaktoren, sowie daraus resultierenden Veränderungen in der Bewertung von Vermögensgegenständen geführt und teilweise zu dem anhaltenden Druck auf Umsätze, Margen und Kapitalrenditen im Finanzbereich beigetragen. Der tatsächliche oder vermutete Ausfall oder die tatsächliche oder vermutete Verschlechterung der Kreditwürdigkeit von Geschäftspartnern oder Schuldern der Gruppe und die sich aus dem schwachen Marktumfeld ergebende niedrige Bewertung von Vermögensgegenständen hat die Gruppe beeinträchtigt und könnte sie weiterhin beeinträchtigen. Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten. Ein fehlender Zugang zu Liquidität und Refinanzierungsmöglichkeiten aufgrund der Marktbedingungen oder aus anderen Gründen könnte die Finanzlage der Gruppe beeinträchtigen. Zudem hängen die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Fremdkapitalmärkten sowie ihre Liquidität entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.

Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können, wie der Umsetzung des Abschlussberichts zum Wettbewerb und zu möglichen Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) durch die britische Regierung und des Vorhabens der US-amerikanischen Zentralbank (*Federal Reserve*), auf Teile der US-amerikanischen Geschäftsaktivitäten der Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden. Geschäftsentwicklung, Finanzlage, Kapitalquoten und Liquiditätsgrad der Gruppe könnten beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden, etwa durch die Umsetzung der Anforderungen von Basel III (auf globaler Ebene oder durch europäische oder britische Behörden). Infolge der Mehrheitsbeteiligung des britischen Staates an der RBSG ist dieser in der Lage, einen wesentlichen Einfluss auf die Gruppe auszuüben, z.B. im Hinblick auf die Dividendenpolitik, die Abänderung oder Beendigung von Verträgen oder die Beschränkung des Geschäfts der Gruppe. Der britische Staat könnte sich zukünftig entscheiden, diese Einflussmöglichkeit wahrzunehmen. Ein Angebot oder der Verkauf der Beteiligung des britischen Staates an

der RBSG oder eines Teils der Beteiligung oder der Erwerb von Stammaktien durch den britischen Staat (etwa durch Umwandlungen von anderen Wertpapieren und weitere Aktienkäufe) könnte Auswirkungen auf den Marktpreis von Aktien und anderen Wertpapieren haben. Die Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder bestimmten Abwicklungsverfahren ausgesetzt sein. Durch oder für den britischen Staat können verschiedene Maßnahmen getroffen werden, unter anderem im Hinblick auf die Wertpapiere der Gruppe, neue oder bestehende vertragliche Vereinbarungen oder eine teilweise oder vollständige Übertragung von Geschäftsaktivitäten der Gruppe.

Die Gruppe ist in starkem Maße reguliert und beaufsichtigt, und wesentliche aufsichts- oder bilanzrechtliche oder sonstige rechtliche Veränderungen könnten sich nachteilig auf die Geschäftsführung sowie ihr Betriebsergebnis und ihre Finanzlage auswirken. Wie viele andere Finanzinstitute unterliegt die Gruppe in den letzten Jahren in verstärktem Maße der Überprüfung durch Aufsichtsbehörden. Die Gruppe erwartet, dass diese Rahmenbedingung in absehbarer Zukunft anhalten wird, insbesondere im Hinblick auf die Einhaltung von neuen und bestehenden Anforderungen an die Unternehmenskontrolle (*Corporate Governance*), Vergütung von Mitarbeitern, Regeln für die Geschäftsführung, Vermeidung von Geldwäsche und Einhaltung von Vorschriften zur Terrorismusbekämpfung sowie von anwendbaren Sanktionsprogrammen und im Hinblick auf die Auswirkungen des zunehmenden Fokus auf Verhaltensrisiken und auf das Ergebnis für den Kunden. Darüber hinaus ist die Gruppe verschiedenen Klagen und aufsichtsrechtlichen Untersuchungen ausgesetzt, die ihr Geschäft, ihre operativen Ergebnisse und Finanzlage beeinträchtigen können, und kann auch zukünftig solchen Klagen und Untersuchungen ausgesetzt sein.

Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren. Im Rahmen des Strategieplans der Gruppe und der Umsetzung des mit der Europäischen Kommission und dem britischen Schatzamt abgestimmten Restrukturierungsplans im Zusammenhang mit der Staatshilfe führt die Gruppe eine umfangreiche Restrukturierung durch, die sich nachteilig auf das Geschäft der Gruppe, ihr Betriebsergebnis und ihre Finanzlage auswirken und zu erhöhten betriebsbedingten Risiken führen kann. Die Fähigkeit zur Veräußerung bestimmter Vermögenswerte und der dabei erzielte Veräußerungspreis hängen von den jeweils vorherrschenden Wirtschafts- und Marktbedingungen ab, die weiterhin anspruchsvoll sind. Es ist nicht sicher, dass die Gruppe in der Lage sein wird, die verbleibenden Geschäftsaktivitäten, von denen sie sich trennen will, entweder zu veräußern oder abzubauen, oder Portfolien, die sie veräußern will, zu wirtschaftlich vorteilhaften Bedingungen für die Gruppe oder überhaupt zu veräußern. Wesentliche aufsichts- oder steuerrechtliche Veränderungen könnten sich auf die Geschäftstätigkeit der Gruppe sowie ihr Betriebsergebnis und ihre Finanzlage

	<p>auswirken. Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche ist unsicher. Es kann sein, dass die Gruppe weitere Beiträge für ihre Pensionssysteme oder zu staatlichen Entschädigungseinrichtungen aufbringen muss, was sich jeweils nachteilig auf die Geschäftsergebnisse der Gruppe sowie ihren Barmittelfluss und ihre Finanzlage auswirken kann.</p>
B.5	DIE GRUPPE UND DIE STELLUNG DER EMITTENTIN INNERHALB DER GRUPPE
	<p>Die Gruppe</p> <p>Die Emittentin ist eine hundertprozentige Tochtergesellschaft der The Royal Bank of Scotland Group plc (die „RBSG“). RBSG ist die Holdinggesellschaft einer großen Bank- und Finanzdienstleistungsgruppe (RBSG zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (<i>International Financial Reporting Standards</i>) konsolidierten Tochtergesellschaften, die „Gruppe“). Die Gruppe mit Hauptsitz in Edinburgh ist im Vereinigten Königreich, den Vereinigten Staaten von Amerika und international durch ihre Haupttochterunternehmen, die Emittentin und die National Westminster Bank Plc („NatWest“), tätig. Die Emittentin und die NatWest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist die RBS Citizens Financial Group, Inc., eine Tochtergesellschaft der Gruppe, eine große Geschäftsbank. Die Gruppe hat weltweit eine diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie Großunternehmen und institutionellen Kunden eine breite Palette von Produkten zur Verfügung.</p> <p>Die Emittentengruppe</p> <p>Die Emittentengruppe umfasst die Emittentin und ihre gemäß Internationalen Rechnungslegungsstandards (<i>International Financial Reporting Standards</i>) konsolidierten Tochtergesellschaften (die „Emittentengruppe“), einschließlich der Haupttochterunternehmen der Emittentin:</p> <ul style="list-style-type: none"> • National Westminster Bank Plc • RBS Citizens Financial Group, Inc. • Coutts & Company • RBS Securities Inc. • Ulster Bank Limited <p>Die Emittentengruppe ist im Vereinigten Königreich, den Vereinigten Staaten von Amerika und international tätig und bietet Bank- und Finanzdienstleistungen als Teil der Gruppe an.</p>
B.9	GEWINNPROGNOSEN ODER -SCHÄTZUNGEN
	Entfällt. Die Emittentin hat keine Gewinnprognosen oder -schätzungen abgegeben.
B.10	BESCHRÄNKUNGEN IM BESTÄTIGUNGSVERMERK ZU DEN HISTORISCHEN FINANZINFORMATIONEN
	Entfällt. Es gibt keine Beschränkungen im Bestätigungsvermerk zu den historischen

	Finanzinformationen der Emittentin.																																																						
B.12	AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN																																																						
	<p>Ausgewählte Finanzinformationen der Emittentin für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Jahre</p> <p>Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Finanzjahre der Emittentin zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem geprüften konsolidierten Abschluss der Emittentin für das zum 31. Dezember 2012 endende Jahr entnommen, der gemäß den Internationalen Rechnungslegungsstandards (<i>International Financial Reporting Standards</i> (IFRS)) erstellt wurde.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>Zum</i> <i>31. Dezember 2012</i> <i>endendes Jahr</i> <i>in Mio. £ (geprüft)</i></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>Zum</i> <i>31. Dezember 2011</i> <i>endendes Jahr</i> <i>in Mio. £ (geprüft)</i></th> </tr> </thead> <tbody> <tr> <td>Operativer Verlust vor Steuern.....</td> <td style="text-align: right;">(3.412)</td> <td style="text-align: right;">(864)</td> </tr> <tr> <td>Steueraufwand.....</td> <td style="text-align: right;">(364)</td> <td style="text-align: right;">(731)</td> </tr> <tr> <td>Verlust für das Jahr.....</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(3.776)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(1.595)</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>31. Dezember 2012</i> <i>in Mio. £ (geprüft)</i></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>31. Dezember 2011</i> <i>in Mio. £ (geprüft)</i></th> </tr> <tr> <td>Eingefordertes Aktienkapital</td> <td style="text-align: right;">6.609</td> <td style="text-align: right;">6.609</td> </tr> <tr> <td>Rücklagen</td> <td style="text-align: right;">52.679</td> <td style="text-align: right;">55.117</td> </tr> <tr> <td>Eigenkapital</td> <td style="text-align: right; border-top: 1px solid black;">59.288</td> <td style="text-align: right; border-top: 1px solid black;">61.726</td> </tr> <tr> <td>Beteiligungen ohne beherrschenden Einfluss....</td> <td style="text-align: right;">137</td> <td style="text-align: right;">128</td> </tr> <tr> <td>Nachrangige Verbindlichkeiten</td> <td style="text-align: right;">33.851</td> <td style="text-align: right;">32.324</td> </tr> <tr> <td>Kapitalvermögen</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">93.276</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">94.178</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>31. Dezember 2012</i> <i>in Mio. £ (geprüft)</i></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>31. Dezember 2011</i> <i>in Mio. £ (geprüft)</i></th> </tr> <tr> <td>Einlagen.....</td> <td style="text-align: right;">621.457</td> <td style="text-align: right;">581.485</td> </tr> <tr> <td>Kredite und Vorauszahlungen an</td> <td></td> <td></td> </tr> <tr> <td>Kunden und Banken</td> <td style="text-align: right;">576.904</td> <td style="text-align: right;">586.539</td> </tr> <tr> <td>Gesamtvermögen</td> <td style="text-align: right; border-top: 1px solid black;">1.284.274</td> <td style="text-align: right; border-top: 1px solid black;">1.432.781</td> </tr> </tbody> </table>		<i>Zum</i> <i>31. Dezember 2012</i> <i>endendes Jahr</i> <i>in Mio. £ (geprüft)</i>	<i>Zum</i> <i>31. Dezember 2011</i> <i>endendes Jahr</i> <i>in Mio. £ (geprüft)</i>	Operativer Verlust vor Steuern.....	(3.412)	(864)	Steueraufwand.....	(364)	(731)	Verlust für das Jahr.....	(3.776)	(1.595)					<i>31. Dezember 2012</i> <i>in Mio. £ (geprüft)</i>	<i>31. Dezember 2011</i> <i>in Mio. £ (geprüft)</i>	Eingefordertes Aktienkapital	6.609	6.609	Rücklagen	52.679	55.117	Eigenkapital	59.288	61.726	Beteiligungen ohne beherrschenden Einfluss....	137	128	Nachrangige Verbindlichkeiten	33.851	32.324	Kapitalvermögen	93.276	94.178					<i>31. Dezember 2012</i> <i>in Mio. £ (geprüft)</i>	<i>31. Dezember 2011</i> <i>in Mio. £ (geprüft)</i>	Einlagen.....	621.457	581.485	Kredite und Vorauszahlungen an			Kunden und Banken	576.904	586.539	Gesamtvermögen	1.284.274	1.432.781
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	<p>WESENTLICHE VERÄNDERUNGEN IN DER FINANZLAGE DER GRUPPE NACH DEM VON DEN HISTORISCHEN FINANZINFORMATIONEN ABGEDECKTEN ZEITRAUM</p> <p>Seit dem 31. Dezember 2012 hat es keine wesentliche Veränderung in der Finanzlage der Emittentengruppe gegeben.</p>
B.13	<p>EREIGNISSE AUS DER JÜNGSTEN ZEIT DER GESCHÄFTSTÄTIGKEIT DER EMITTENTIN, DIE FÜR DIE BEWERTUNG IHRER ZAHLUNGSFÄHIGKEIT IN HOHEM MAßE RELEVANT SIND</p> <p>Entfällt. Es gibt keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Emittentin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.</p>
B.14	<p>ABHÄNGIGKEIT VON ANDEREN EINHEITEN INNERHALB DER GRUPPE</p> <p>Die Emittentin ist eine hundertprozentige Tochtergesellschaft der RBSG.</p>
B.15	<p>HAUPTTÄTIGKEITSBEREICHE DER EMITTENTIN</p> <p>Die Haupttätigkeitsbereiche der Gruppe umfassen auch die Tätigkeitsbereiche der Emittentin und der Emittentengruppe und sind nach folgenden Bereichen untergliedert:</p> <ul style="list-style-type: none"> • Privat- und Geschäftskunden (<i>Retail and Commercial</i>): <ul style="list-style-type: none"> • Privatkundengeschäft Großbritannien (<i>UK Retail</i>): eine umfassende Palette von Bankprodukten und damit zusammenhängenden Dienstleistungen für Privatkunden in Großbritannien • Firmenkundengeschäft Großbritannien (<i>UK Corporate</i>): Bank-, Finanzierungs- und Risikomanagementdienstleistungen für Unternehmenskunden und kleine und mittlere Unternehmen in Großbritannien • Vermögensverwaltung (<i>Wealth</i>): Bank- und Investmentdienstleistungen • Internationale Bankdienstleistungen (<i>International Banking</i>): Finanzierung, Transaktionsdienstleistungen und Risikomanagement • Ulster Bank: eine umfassende Palette von Finanzdienstleistungen durch ihre Privat- und Firmenkundenbereiche • Privat- und Firmenkundengeschäft USA (<i>US Retail & Commercial</i>): Finanzdienstleistungen im Wesentlichen unter den Marken Citizens und Charter One • Märkte (<i>Markets</i>): Geschäftsbereich für die Emission, den Vertrieb und den Handel in den Bereichen Fremdfinanzierungen, Zinsprodukte, Währungen und Anlageprodukte • Zentralbereiche (<i>Central Functions</i>): umfasst bestimmte Gruppen- und Unternehmensfunktionen, wie z.B. die Finanzabteilung, das Rechnungswesen,

	<p>das Risikomanagement, die Rechtsabteilung, die Unternehmenskommunikation und die Personalabteilung</p> <ul style="list-style-type: none"> • Nicht-Kerngeschäft (<i>Non-Core</i>): verwaltet gesondert die Vermögenswerte der Gruppe, die abgewickelt oder veräußert werden sollen • Geschäftsdienstleistungen (<i>Business Services</i>): unterstützt die kundenbezogenen Geschäftsbereiche und stellt die Technologie für den Geschäftsbetrieb, den Kundenservice für Telekommunikation, Kontodienstleistungen, Kredite und Geldüberweisungen, einen zentralen Einkauf, Immobilien-Dienstleistungen und andere Dienstleistungen zur Verfügung.
B.16	BETEILIGUNG AN UND BEHERRSCHUNG ÜBER DIE EMITTENTIN
	Die Emittentin ist eine hundertprozentige Tochtergesellschaft der RBSG.

ABSCHNITT C – WERTPAPIERE⁴⁴	
C.1	ART UND GATTUNG DER WERTPAPIERE, EINSCHLIEßLICH DER WERTPAPIERKENNUNG
	<p>[Die Wertpapiere, die gemäß dem Basisprospekt begeben und die in den Endgültigen Bedingungen beschrieben werden (die „Wertpapiere“ oder [die „Turbo Optionsscheine“] [die „Open End Turbo Optionsscheine“]), sind Inhaberpapiere im Sinne der §§ 793 ff. Bürgerliches Gesetzbuch, die durch eine Inhaber-Sammelurkunde (die „Globalurkunde“) verbrieft sind, die bei der Clearingstelle hinterlegt wird, und nur gemäß den Gesetzen, Vorschriften und Verfahren, die auf die Clearingstelle anwendbar sind, über deren Buchungssysteme die Übertragung der Wertpapiere erfolgt, übertragen werden.]⁴⁵</p> <p>[Die Wertpapiere, die gemäß dem Basisprospekt begeben und die in den Endgültigen Bedingungen beschrieben werden (die „Wertpapiere“ oder [die „Turbo Optionsscheine“] [die „Open End Turbo Optionsscheine“]), werden in dematerialisierter Form begeben und in das Buchungssystem der Clearingstelle eingetragen. Die Rechte an den Wertpapieren werden zwischen den Inhabern von Konten bei der Clearingstelle gemäß den jeweils geltenden Gesetzen sowie den Vorschriften und Verfahren, die auf die Clearingstelle anwendbar bzw. von dieser erlassen worden sind (die „Anwendbaren Vorschriften“), übertragen.]⁴⁶</p> <p>„Clearingstelle“ bezeichnet •.</p> <p>[ISIN: •*] [WKN: •*] [NDX Short Name: •*] [Common Code: •*] [•*]</p>

⁴⁴ Die Verwendung des Symbols * im nachfolgenden Abschnitt C – Wertpapiere bedeutet, dass die relevante Information für jede Serie der Wertpapiere, falls sich diese Zusammenfassung auf mehr als eine Serie der Wertpapiere bezieht, in einer Tabelle dargestellt wird.

⁴⁵ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁴⁶ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

	Es werden keine effektiven Stücke ausgegeben.
C.2	WÄHRUNG DER WERTPAPIEREMISSION
	•
C.5	BESCHRÄNKUNGEN DER FREIEN ÜBERTRAGBARKEIT DER WERTPAPIERE
	Entfällt. Die Wertpapiere sind [gemäß den Gesetzen, Vorschriften und Verfahren, die auf die Clearingstelle, über deren Buchungssysteme die Übertragung der Wertpapiere erfolgt, anwendbar sind, frei übertragbar.] ⁴⁷ [gemäß den Anwendbaren Vorschriften frei übertragbar.] ⁴⁸
C.8	MIT DEN WERTPAPIEREN VERBUNDENE RECHTE, EINSCHLIEßLICH DER RANGORDNUNG UND BESCHRÄNKUNGEN DIESER RECHTE
	<p><i>Mit den Wertpapieren verbundene Rechte</i></p> <p>Die Rechte der Wertpapierinhaber ergeben sich aus den Wertpapierbedingungen. Die Wertpapierbedingungen sind aufgeteilt in allgemeine Bedingungen (die „Allgemeinen Bedingungen“) sowie in wertpapierspezifische Produktbedingungen (die „Produktbedingungen“) und sind in dieser Zusammenfassung zusammengefasst. Die Allgemeinen Bedingungen und die Produktbedingungen, die für die Wertpapiere gelten, werden als „Bedingungen“ bezeichnet und „Wertpapierinhaber“ bezeichnet [den Inhaber eines Anteils an der Globalurkunde]⁴⁹ [eine Person, in deren Namen ein Wertpapier im Buchungssystem der Clearingstelle eingetragen ist oder eine andere Person, die nach den Anwendbaren Vorschriften als Inhaber der Wertpapiere gilt]⁵⁰.</p> <p>[Turbo Warrants haben eine feste Laufzeit und werden am Ausübungstag (wie unter dem Gliederungspunkt C.16 definiert) automatisch ausgeübt, sofern weder ein Knock-out-Ereignis noch ein anderes vorzeitiges Beendigungsereignis eingetreten ist.]⁵¹</p> <p>[Open End Turbo Optionsscheine sind unbefristet, d.h. sie haben keine feste Laufzeit. Sie können durch den Wertpapierinhaber nur am Ausübungstag (wie unter dem Gliederungspunkt C.16 definiert) ausgeübt werden (die „Ausübung“), sofern weder ein Knock-out-Ereignis noch ein anderes vorzeitiges Beendigungsereignis eingetreten ist und unabhängig von einer Kündigung durch die Emittentin. Bei einer Ausübung hat der Wertpapierinhaber vor dem jeweiligen Ausübungstag und Ausübungszeitpunkt eine ordnungsgemäß ausgefüllte Ausübungserklärung vorzulegen.</p> <p>Vorbehaltlich einer wirksamen Ausübung durch den Wertpapierinhaber, des Eintritts eines</p>

⁴⁷ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁴⁸ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

⁴⁹ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁵⁰ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

⁵¹ Im Fall von Turbo Optionsscheinen.

	<p>Knock-out-Ereignisses oder sonstiger vorzeitiger Beendigungsereignisse, können die Open End Turbo Optionsscheine außerdem durch die Emittentin insgesamt (aber nicht teilweise) gekündigt werden (die „Kündigung durch die Emittentin“).⁵²</p> <p>Tritt während der Laufzeit der Wertpapiere ein Knock-out-Ereignis ein, werden die Wertpapiere automatisch gekündigt. Ein „Knock-out-Ereignis“ tritt ein, wenn der [an der entsprechenden Börse festgelegte] [Geldkurs] [Briefkurs] [niedrigste Geldkurs] [höchste Briefkurs] [mittlere Marktkurs] [Kurs] [Preis] [Stand] [●] des Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) [oder des Knock-Out-Index]⁵³ [niedriger als]⁵⁴ [höher als]⁵⁵ eine zuvor festgelegte Barriere ist oder dieser entspricht.</p> <p>[„Knock-out-Index“ bezeichnet den X-DAX[®] [(Bloomberg Code: ●)] [●]⁵⁶, wie üblicherweise vom Index Sponsor nach den Indexregeln von 8:00 Uhr mitteleuropäischer Zeit (einschließlich) bis 9:00 Uhr mitteleuropäischer Zeit (ausschließlich) und von 17:45 Uhr mitteleuropäischer Zeit (einschließlich) bis 22:15 Uhr mitteleuropäischer Zeit (einschließlich) berechnet und veröffentlicht wird.]⁵⁷</p> <p>Nach einer solchen Beendigung wird der Wertpapierinhaber den gegebenenfalls zu zahlenden Auszahlungsbetrag bzw. Knock-out-Betrag (wie jeweils unter dem Gliederungspunkt C.18 definiert) am Fälligkeitstag (wie unter dem Gliederungspunkt C.16 definiert) erhalten.</p> <p><i>[Quanto Wertpapiere</i></p> <p>Die Abrechnungswährung und die Referenzwährung sind nicht identisch, weshalb die Wertpapiere mit einem Quanto-Merkmal (ein fester Wechselkurs zwischen den beiden Währungen) ausgestattet sind. [Die Emittentin wird dem Wertpapierinhaber die Einrichtung und Absicherung dieses Quanto-Merkmals in Rechnung stellen, indem der Betrag, den der Wertpapierinhaber bei einer Ausübung oder Kündigung erhält, entsprechend verringert wird.]]</p> <p><i>[Vorzeitiges Beendigungsereignis des Index</i></p> <p>Ein „Vorzeitiges Beendigungsereignis des Index“ tritt ein wenn die Gesamtzahl der im Basiswert (wie unter dem Gliederungspunkt C.20 definiert) enthaltenen Wertpapiere und anderer Finanzinstrumente unter die Mindestanzahl der Indexbestandteile fällt. Die „Mindestanzahl der Indexbestandteile“ bezeichnet ●*. Tritt ein Vorzeitiges Beendigungsereignis des Index ein, werden die Wertpapiere automatisch beendet und der Wertpapierinhaber erhält den Auszahlungsbetrag (wie unter dem Gliederungspunkt C.18</p>
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⁵² Im Fall von Open End Turbo Optionsscheinen.

⁵³ Im Fall von X-Turbo Optionsscheinen.

⁵⁴ Im Fall von Call Optionsscheinen.

⁵⁵ Im Fall von Put Optionsscheinen.

⁵⁶ Alternativen Ort einfügen, wo der X-DAX veröffentlicht wird.

⁵⁷ Im Fall von X-Turbo Optionsscheinen.

	<p>definiert).]</p> <p><i>Vorzeitige Kündigung durch die Emittentin [in anderen Fällen als die Kündigung durch die Emittentin]⁵⁸</i></p> <p>Die Emittentin ist berechtigt, die Wertpapiere bei Rechtswidrigkeit oder aus steuerrechtlichen Gründen oder bei bestimmten Störungen der Absicherung der Emittentin oder bei wesentlichen Beeinträchtigungen des Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) vorzeitig zu kündigen. In diesem Fall entspricht der zahlbare Betrag dem angemessenen Marktwert des Wertpapiers, abzüglich der Kosten, die der Emittentin im Zusammenhang mit der Rückabwicklung der Geschäfte entstanden sind, die zur vollständigen oder teilweisen Absicherung ihrer Verpflichtungen aus den Wertpapieren abgeschlossen wurden.</p> <p><i>Anpassungen</i></p> <p>Die Emittentin bzw. die Berechnungsstelle haben das Recht, die Bedingungen der Wertpapiere bezüglich bestimmter Störungen der Absicherung der Emittentin oder bei wesentlichen Beeinträchtigungen des Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) anzupassen.</p> <p><i>Zahlungsstörung</i></p> <p>Die Berechnungsstelle kann die Zahlung von Beträgen unter den Wertpapieren bei Eintritt bestimmter Ereignisse verzögern. Solche Ereignisse beeinträchtigen die Berechnungsstelle, den Referenzpreis bzw. die Referenzpreise des Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) zu bestimmen oder eine Zahlung in der geschuldeten Währung vorzunehmen. Unter diesen Umständen kann die Berechnungsstelle den relevanten Referenzpreis des Basiswerts nach billigem Ermessen bestimmen oder Anpassungen der Bedingungen vornehmen.</p> <p>Die Wertpapiere verbriefen keinen Anspruch auf Zinszahlungen und generieren somit keine laufenden Zinserträge. Aus den Wertpapieren ergibt sich auch kein Anspruch auf Zahlung von Dividenden.</p> <p><i>Status der Wertpapiere</i></p> <p>Die Wertpapiere begründen unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, mit Ausnahme der Verbindlichkeiten, denen durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.</p> <p><i>Anwendbares Recht</i></p> <p>Die Wertpapiere unterliegen deutschem Recht und sind nach deutschem Recht</p>
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⁵⁸ Im Fall von Open End Turbo Optionsscheinen.

	auszulegen.
C.11	ZULASSUNG ZUM HANDEL
	<p>[Es ist beabsichtigt, die Einbeziehung der Wertpapiere in den Handel an [der folgenden Börse] [den folgenden Börsen] [und] [dem folgenden [nicht] organisierten Markt] [den folgenden [nicht] organisierten Märkten] für den Ausgabebetrag zu beantragen: [Freiverkehr der Frankfurter Wertpapierbörse (Scoach [Premium] Segment)] [und] [Freiverkehr der Börse Stuttgart (EUWAX Segment)] [•]].</p> <p>[Es ist nicht beabsichtigt, die Einbeziehung der Wertpapiere in den Handel an einer Börse oder an einem organisierten oder nicht organisierten Markt zu beantragen.]</p>
C.15	BEEINFLUSSUNG DES WERTS DES WERTPAPIERS DURCH DEN WERT DES BASISWERTS
	<p>Die Wertpapiere sind Anlageinstrumente, welche die Entwicklung eines Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) nachbilden. Die Wertpapiere weisen eine so genannte Hebelwirkung auf. Diese Hebelwirkung bedeutet, dass der für eine Anlage in einem Wertpapier erforderliche Betrag, um die gleiche wirtschaftliche Beteiligung wie mit einer unmittelbaren Anlage in dem Basiswert zu erzielen, erheblich geringer ist als der für eine direkte Anlage in den Basiswert erforderliche Betrag. Daher liegt der sich im Fall eines [Anstiegs]⁵⁹ [Rückgangs]⁶⁰ des [Standes] [Preises] [Kurses] des Basiswerts ergebende prozentuale Gewinn und der sich im Fall eines [Rückgangs]⁶¹ [Anstiegs]⁶² des [Standes] [Preises] [Kurses] des Basiswerts ergebende prozentuale Verlust bei den Wertpapieren erheblich höher als bei einer direkten Anlage in den Basiswert.</p> <p>Des Weiteren werden die Wertpapiere nach Eintritt eines Knock-out-Ereignisses (wie unter dem Gliederungspunkt C.8 definiert) automatisch gekündigt. Da ein Knock-out-Ereignis eintritt, wenn der [Preis] [Stand] [Kurs] des Basiswerts [oder des Knock-out Index (wie unter dem Gliederungspunkt C.8 definiert)]⁶³ [kleiner als]⁶⁴ [größer als]⁶⁵ eine zuvor festgelegte Barriere ist oder dieser entspricht, beeinflusst der [Preis] [Stand] [Kurs] des Basiswerts [oder des Knock-out Index]⁶⁶ den Wert der Wertpapiere.</p>
C.16	FÄLLIGKEITSTAG, BEWERTUNGSTAG, AUSÜBUNGSTAG [, KÜNDIGUNGSTAG DER EMITTENTIN] ⁶⁷ [,] [UND] KNOCK-OUT-KÜNDIGUNGSTAG [UND VORZEITIGES BEENDIGUNGSEREIGNIS DES INDEX]
	Der „ Fälligkeitstag “ ist der [dritte] [•] Geschäftstag nach Beendigung der Wertpapiere durch [eine automatische Ausübung oder] ⁶⁸ [eine Ausübung durch den Wertpapierinhaber,

⁵⁹ Im Fall von Call Optionsscheinen.

⁶⁰ Im Fall von Put Optionsscheinen.

⁶¹ Im Fall von Call Optionsscheinen.

⁶² Im Fall von Put Optionsscheinen.

⁶³ Im Fall von X-Turbo Optionsscheinen.

⁶⁴ Im Fall von Call Optionsscheinen.

⁶⁵ Im Fall von Put Optionsscheinen.

⁶⁶ Im Fall von X-Turbo Optionsscheinen.

⁶⁷ Im Fall von Open End Turbo Optionsscheinen.

⁶⁸ Im Fall von Turbo Optionsscheinen.

	<p>eine Kündigung durch die Emittentin oder]⁶⁹ eine automatische Beendigung.</p> <p>[„Bewertungstag“ bezeichnet den Ausübungstag und „Ausübungstag“ bezeichnet •*.]⁷⁰</p> <p>[„Bewertungstag“ bezeichnet den letzten Handelstag im [März] [•] eines jeden Jahres, beginnend [ein Jahr] [•] nach dem Ausgabetag und „Ausübungstag“ bezeichnet den • Geschäftstag vor dem vorgesehenen Bewertungstag.</p> <p>„Kündigungstag der Emittentin“ bezeichnet den Tag der Kündigung der Wertpapiere durch die Emittentin.]⁷¹</p> <p>„Knock-out-Kündigungstag“ bezeichnet den Tag, an dem die Wertpapiere wegen eines Knock-out-Ereignisses automatisch beendet werden.</p> <p>[„Vorzeitiger Beendigungstag des Index“ bezeichnet den Tag, an dem ein Vorzeitiges Beendigungsereignis des Index eintritt.]</p>
C.17	ABRECHNUNGSVERFAHREN
	<p>Die Wertpapiere werden durch die Clearingstelle (wie unter dem Gliederungspunkt C.1 definiert) abgewickelt.</p> <p>Die Wertpapiere werden nach Zahlung des Ausgabepreises am Ausgabetag geliefert.</p> <p>Bei Fälligkeit erfolgen Zahlungen durch die Emittentin an die Clearingstelle oder deren Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber der Clearingstelle.</p>
C.18	ERTRAGSMODALITÄTEN DER WERTPAPIERE
	<p>Nach einer [automatischen Ausübung]⁷² [Ausübung oder Kündigung durch die Emittentin]⁷³ [ebenso wie im Fall eines Vorzeitigen Beendigungsereignisses des Index] wird der von der Emittentin am Fälligkeitstag (wie unter dem Gliederungspunkt C.16 definiert) zu zahlende Betrag (der „Auszahlungsbetrag“), ggf. abzüglich Kosten, wie folgt bestimmt:</p> <p>[Die Differenz zwischen (a) dem Endgültigen Referenzpreis und (b) dem Basispreis; multipliziert mit dem Bezugsverhältnis.]⁷⁴</p> <p>[Die Differenz zwischen (a) dem Basispreis und (b) dem Endgültigen Referenzpreis; multipliziert mit dem Bezugsverhältnis.]⁷⁵</p> <p>[Der gegebenenfalls zu zahlende Betrag ist auf Grund eines bestimmten Wechselkurses zwischen der Abrechnungswährung und der Währung des Basiswerts (wie unter dem</p>

⁶⁹ Im Fall von Open End Turbo Optionsscheinen.

⁷⁰ Im Fall von Turbo Optionsscheinen.

⁷¹ Im Fall von Open End Turbo Optionsscheinen.

⁷² Im Fall von Turbo Optionsscheinen.

⁷³ Im Fall von Open End Turbo Optionsscheinen.

⁷⁴ Im Fall von Call Optionsscheinen.

⁷⁵ Im Fall von Put Optionsscheinen.

	<p>Gliederungspunkt C.20 definiert) in die Abrechnungswährung umzurechnen.]⁷⁶</p> <p>Der Endgültige Referenzpreis ist unter dem Gliederungspunkt C.19 definiert.</p> <p>[Der „Basispreis“ bezeichnet •*. Der Basispreis wird am Ausgabetag festgelegt, wobei die Kosten für die Bereitstellung und Aufrechterhaltung des Hebels (wie unter dem Gliederungspunkt C.15 beschrieben), die so genannten Finanzierungskosten, berücksichtigt werden. Der Basispreis wird nicht regelmäßig angepasst.]⁷⁷</p> <p>[Der „Basispreis“ wird am Ausgabetag festgelegt und wird während der Laufzeit der Wertpapiere an jedem Handelstag angepasst, wobei die Kosten für die Bereitstellung und Aufrechterhaltung des Hebels (wie unter dem Gliederungspunkt C.15 beschrieben), die so genannten Finanzierungskosten, berücksichtigt werden. Die Finanzierungskosten, die an jedem Handelstag festgelegt werden, setzen sich aus einem bestimmten Referenzsatz und der Finanzierungsmarge zusammen. Die Finanzierungsmarge wird von der Berechnungsstelle nach billigem Ermessen unter Berücksichtigung der Währung des Basiswerts und den aktuellen Marktkonditionen bestimmt. Die Finanzierungsmarge kann an einem beliebigen Handelstag neu gesetzt werden; sie darf allerdings die Höchstfinanzierungsmarge nicht überschreiten. [Etwaige gezahlte Dividenden werden in den Basispreis [nicht] mit einberechnet.]⁷⁸</p> <p>Der Basispreis am Ausgabetag bezeichnet •*.]⁷⁹</p> <p>„Bezugsverhältnis“ bezeichnet •*.</p> <p>„Knock-out-Betrag“ bezeichnet [EUR 0,001] [•].</p> <p>Zahlungen werden durch die Emittentin an die Clearingstelle oder deren Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber der Clearingstelle vorgenommen. Die Emittentin wird durch Leistung der Zahlung an die Clearingstelle oder deren Order in Höhe der geleisteten Zahlung von ihrer Zahlungspflicht befreit. Hiervon kann die Emittentin nach vorhergehender Mitteilung an die Wertpapierinhaber abweichen. In diesem Fall erfolgt die Zahlung an die Wertpapierinhaber in der in der Mitteilung aufgeführten Art und Weise.</p>
C.19	ENDGÜLTIGER REFERENZPREIS
	<p>Der Endgültige Referenzpreis wird, vorausgesetzt, dass keine vorzeitige Beendigung der Wertpapiere eingetreten ist, am Bewertungstag (wie unter dem Gliederungspunkt C.16 definiert) festgelegt. Der Betrag entspricht dem [an der entsprechenden Börse festgelegten] [Kurs] [Preis] [Stand] des Basiswerts, ohne Berücksichtigung etwaiger nachträglich veröffentlichter Berichtigungen.</p>

⁷⁶ Im Fall, dass die Abrechnungswährung nicht identisch mit der Währung des Basiswerts ist.

⁷⁷ Im Fall von Turbo Optionsscheinen.

⁷⁸ Im Fall von Open End Turbo Optionsscheinen mit einer Aktie oder einem Aktienindex als Basiswert.

⁷⁹ Im Fall von Open End Turbo Optionsscheinen.

C.20	ART DES BASISWERTS UND ORT, AN DEM INFORMATIONEN ÜBER DEN BASISWERT ERHÄLTlich SIND
	<p>Art des Basiswerts: [Rohstoff] [Terminkontrakt auf einen Rohstoff] [Währung] [Index] [Terminkontrakt auf einen Index] [Aktie]⁸⁰</p> <p>„Basiswert“ bezeichnet •*.</p> <p>[Der Basiswert kann während der Laufzeit des Open End Turbo Optionsscheins gegen einen gleichwertigen Basiswert ausgetauscht werden.]⁸¹</p> <p>[Informationen über den Basiswert sind erhältlich über die Emittentin sowie auf der Internetseite der Emittentin • (oder einer Nachfolgesite) [und auf •*].]⁸²</p>

ABSCHNITT D – RISIKEN	
D.2	WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN
	<p>Die Emittentin ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die Gruppe beziehen, auch für die Emittentin und die Emittentengruppe relevant.</p> <ul style="list-style-type: none"> • Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden. • Die Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt. • Die Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden. • Die Gruppe unterliegt politischen Risiken. Obwohl es nicht möglich ist, die Auswirkungen einer möglichen Unabhängigkeit Schottlands vom Vereinigten Königreich oder eines Referendums zur EU-Mitgliedschaft des Vereinigten Königreichs abschließend zu beurteilen, kann der Eintritt eines dieser Ereignisse zu einer wesentlichen Beeinträchtigung des Geschäfts der Gruppe, ihrer Finanzlage, ihres Betriebsergebnisses und ihrer Aussichten führen. • Die Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich können

⁸⁰ Mit Ausnahme von Aktien der Emittentin und anderer Unternehmen der Gruppe.

⁸¹ Im Fall von Open End Turbo Optionsscheinen und einem Basiswert mit Verfalldatum.

⁸² Angaben darüber einfügen, wo Einzelheiten über den Basiswert erhältlich sind, einschließlich Angaben über die vergangene und künftige Wertentwicklung des Basiswerts und seine Volatilität. Handelt es sich bei dem Basiswert um einen Index, Namen des Index angeben sowie Angaben darüber, wo Informationen über den Index erhältlich sind. Handelt es sich bei dem Basiswert nicht um einen Index, vergleichbare Angaben einfügen.

dem Risiko der vollständigen Verstaatlichung ausgesetzt sein.

- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere der Gruppe beeinträchtigen.
- Die Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der Gruppe haben.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.

	<ul style="list-style-type: none"> • Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten. • Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden. • Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab. • Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen. • Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern. • Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren. • Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben. • Alle Geschäftsbereiche der Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen bei den wichtigsten Aufsichtsbehörden für die Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken. • Die Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (<i>resolution and recovery schemes</i>) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der Gruppe zu Folge haben kann und unter anderem Abschreibungen oder Wertberichtigungen auf Wertpapiere der Gruppe und die Umwandlung von Wertpapieren der Gruppe beinhaltet. • Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (<i>Independent Commission on Banking</i>), wurde von der Regierung des Vereinigten Königreichs übernommen. Die Regierung
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	<p>beabsichtigt, die darin enthaltenen Empfehlungen im Wesentlichen umzusetzen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank (<i>Federal Reserve</i>), auf Teile der US-amerikanischen Geschäftsaktivitäten der Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die Gruppe haben.</p> <ul style="list-style-type: none"> • Die Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der Gruppe wesentlich beeinträchtigen. • Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen. • Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden. • Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen. • Das Geschäft der Gruppe birgt betriebsbedingte Risiken. • Der Geschäftsbetrieb der Gruppe ist in hohem Maße von ihren IT-Systemen abhängig. • Die Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden. • Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken. • Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
D.6	WESENTLICHE RISIKEN IN BEZUG AUF DIE WERTPAPIERE
	<p>Bestimmte Faktoren sind für die Einschätzung der Marktrisiken, die mit den Wertpapieren verbunden sind, von wesentlicher Bedeutung. Zu diesen Risiken zählen unter anderen die Tatsache, dass</p> <p>(a) die Wertpapiere eine komplexe Struktur haben, die zu einem vollständigen Verlust der Anlage führen kann,</p>

	<p>(b) ein Knock-out-Ereignis (wie unter dem Gliederungspunkt C.8 definiert) eintritt,</p> <p>(c) die Wertpapiere möglicherweise nicht für alle Anleger eine geeignete Anlage darstellen,</p> <p>(d) der Wert der Wertpapiere schwanken kann,</p> <p>[(e) der Ausgabepreis der Wertpapiere [einen Ausgabeaufschlag] [und/oder] [eine Provision] [und/oder] [sonstige Gebühren] enthält,]</p> <p>[(e)] [(f)] möglicherweise kein Sekundärmarkt für die Wertpapiere besteht,</p> <p>[(f)] [(g)] ein Kauf der Wertpapiere für Absicherungszwecke möglicherweise nicht effizient ist,</p> <p>[(g)] [(h)] sich Handlungen der Emittentin auf den Wert der Wertpapiere auswirken können,</p> <p>[(h)] [(i)] die Wertpapierinhaber über keine Eigentumsrechte an dem Basiswert verfügen,</p> <p>[(i)] [(j)] die Emittentin und/oder die Berechnungsstelle Anpassungen der Bedingungen aufgrund von den Basiswert betreffenden Ereignissen vornehmen können,</p> <p>[(j)] [(k)] es zu Verzögerungen bei der Abrechnung der Wertpapiere kommen kann,</p> <p>[(k)] [(l)] Wertpapierinhaber möglicherweise zur Zahlung von Steuern verpflichtet sind, und</p> <p>[(l)] [(m)] die Wertpapiere von der Emittentin unter bestimmten Voraussetzungen vorzeitig gekündigt werden können.</p> <p>Zu den sonstigen Risiken, die mit den Wertpapieren verbunden sind, gehören:</p> <p>(a) Risiken im Zusammenhang mit den Wertpapieren, [die durch Globalurkunden verbrieft]⁸³ [die in dematerialisierter Form begeben]⁸⁴ werden,</p> <p>(b) Risiken im Zusammenhang mit Vereinbarungen, die Wertpapierinhaber mit Dienstleistern über das Halten von Wertpapieren (Nominee-Vereinbarungen) abschließen,</p> <p>(c) das Risiko, dass die mit einer Anlage in die Wertpapiere erzielte Rendite durch Gebühren beeinträchtigt wird, die für die Wertpapierinhaber anfallen,</p> <p>(d) das Risiko, dass Gesetzesänderungen den Wert der Wertpapiere beeinträchtigen könnten,</p> <p>(e) das Risiko, dass die der Emittentin [oder den Wertpapieren] zugewiesenen Ratings nicht alle Risiken widerspiegeln,</p> <p>(f) das Risiko, dass rechtliche Anlagevorschriften bestimmte Anlagen in die Wertpapiere einschränken,</p> <p>(g) im Fall einer Finanzierung des Kaufs der Wertpapiere mittels eines Darlehens durch</p>
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⁸³ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁸⁴ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

	<p>den Wertpapierinhaber das Risiko, dass er möglicherweise nicht in der Lage ist, den Darlehensbetrag zuzüglich Zinsen zurückzuzahlen, und</p> <p>(h) besondere Risiken im Zusammenhang mit [Rohstoffen] [Terminkontrakten] [Indizes] [Aktien] [Währungen] als Basiswert der Wertpapiere.</p>
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ABSCHNITT E – ANGEBOT⁸⁵	
E.2b	GRÜNDE FÜR DAS ANGEBOT UND DIE VERWENDUNG DER ERLÖSE
	Entfällt. Die Erlöse werden zur Gewinnerzielung und Absicherung bestimmter Risiken verwendet.
E.3	BESCHREIBUNG DER ANGEBOTSKONDITIONEN
	<p>Beginn des öffentlichen Angebots: ●</p> <p>[Ende des öffentlichen Angebots: ●. Die Dauer des Angebots kann verlängert oder verkürzt werden.]</p> <p>Land/Länder: ●</p> <p>[Gesamtbetrag des Angebots: ●*]</p>
E.4	FÜR DIE BEGEBUNG / DAS ANGEBOT WESENTLICHE INTERESSEN, EINSCHLIEßLICH INTERESSENKONFLIKTE
	<p>Außer der Emittentin hat keine an der Begebung oder dem Angebot der Wertpapiere beteiligte Person ein wesentliches Interesse an der Begebung oder dem Angebot.</p> <p>Ein Interessenkonflikt kann entstehen, wenn die Emittentin selbst oder als Berechnungsstelle handelnd infolge bestimmter Ereignisse oder Maßnahmen Anpassungen der Bedingungen vornimmt. Bei der Vornahme dieser Anpassungen hat die Emittentin erhebliche Ermessensspielräume und kann bei der Ausübung dieser Ermessensspielräume in Interessenkonflikte geraten.</p> <p>Die Emittentin kann die Berechnung, Zusammenstellung und/oder Anpassung des Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) beeinflussen, woraus ebenfalls Interessenkonflikte entstehen können.</p> <p>Des Weiteren kann die Emittentin aus unterschiedlichen Gründen Beratungen durchführen, Transaktionen für eigene Rechnung oder auf Rechnung ihrer Kunden oder Absicherungsgeschäfte abschließen und Long- oder Short-Positionen in dem Basiswert halten. Diese Aktivitäten können zu Interessenkonflikten führen. [●]⁸⁶</p>

⁸⁵ Die Verwendung des Symbols * im nachfolgenden Abschnitt E – Wertpapiere bedeutet, dass die relevante Information für jede Serie der Wertpapiere, falls sich diese Zusammenfassung auf mehr als eine Serie der Wertpapiere bezieht, in einer Tabelle dargestellt wird.

⁸⁶ Beschreibung weiterer der für die Emission/das Angebot wesentlicher Interessen, einschließlich Interessenkonflikte einfügen.

E.7	SCHÄTZUNG DER KOSTEN, DIE DEM ANLEGER VON DER EMITTENTIN ODER DEM ANBIETER IN RECHNUNG GESTELLT WERDEN
	<p>[Entfällt. Es gibt keine geschätzten Kosten, die dem Anleger von der Emittentin oder dem Anbieter in Rechnung gestellt werden.]</p> <p>[Dem Anleger werden Kosten in Höhe von •* in Rechnung gestellt.]</p>

RISK FACTORS

This “Risk Factors” section is to protect potential purchasers of the turbo warrants and open end turbo warrants (the “Securities”) from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities.

Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, potential purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the “Issuer”) dated 12 March 2013 (the “Registration Document”) which was approved by the competent authority in the United Kingdom (Financial Services Authority), as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the “Final Terms”) prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, potential purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.

The Issuer believes that the factors described below and in the Registration Document may affect its ability to fulfil its obligations under the Securities issued. In addition, factors which are material for the purpose of assessing the market risks associated with Securities issued are also described below. 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.

The Issuer believes that the factors described below and in the Registration Document represent the material risks inherent in investing in Securities to be issued, but the inability of the Issuer to pay amounts on or in connection with any Securities may occur for other reasons than the factors described below. This may, for example, be due to the fact that, based on the information available to the Issuer as at the date of this Base Prospectus, the Issuer failed to identify, or anticipate the occurrence of, material risks.

1. RISK FACTORS RELATED TO THE ISSUER

Each potential investor in the Securities should refer to the risk factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities issued.

2. RISK FACTORS RELATED TO THE SECURITIES

Potential purchasers of the Securities should read all risks stated below. The risks which are set out as options will apply to a series of Securities as determined in the Final Terms.

2.1 General Risks

The Securities are Turbo Warrants and Open End Turbo Warrants which entail particular risks

The Securityholders may sustain a total loss of their investment.

The Securities are investment instruments which track the performance of an underlying.

The Securities that can be issued under this Base Prospectus either have a fixed maturity and will be automatically exercised on the exercise date specified in the Final Terms (the “**Turbo Warrants**”) or are open ended, which means that they have no fixed maturity (the “**Open End Turbo Warrants**”). Open End Turbo Warrants can be terminated upon exercise by the Securityholder (the “**Exercise**”) or upon a termination by the Issuer (the “**Issuer Call**”). Following any such termination of the Securities, the Securityholder will receive the Cash Amount (if any), as defined below.

If during the term of the Security the Underlying (as defined below) reaches a pre-determined barrier (the “**Knock-out Event**”) the Securities will terminate automatically. **In the event of such an early termination the initial amount invested will be lost (including any transaction costs).**

Possible underlyings of the Securities may be a commodity, a commodity futures contract, an index, an index futures contract, a share (except those of the Issuer or of any other company of the Group), or a currency (each an “**Underlying**”). If the Underlying of an Open End Turbo Warrant has a fixed maturity, e.g. a future, the Underlying may be substituted by an equivalent underlying during the term of the Open End Turbo Warrant and any costs relating to such substitution will be accounted for in the value of the Securities.

The Securities will be issued either as call securities (the “**Warrants Call**”) or as put securities (the “**Warrants Put**”).

In case of Warrants Call, the amount to be paid at the maturity date is linked to an increase of the price or level of the Underlying above a certain level (the “**Strike**”, as further described below) and the Securityholder bears a loss if the price or level of the Underlying is at or below the Strike.

In case of Warrants Put, the amount to be paid at the maturity date is linked to a decrease of the price or level of the Underlying below the Strike, and the Securityholder bears a loss if the price or level of the Underlying is at or above the Strike.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income and the Securities do not grant any claim to dividends either.

Following automatic exercise in case of Turbo Warrants and Exercise or Issuer Call in case of Open End Turbo Warrants, the amount payable by the Issuer on the maturity date will be determined by reference to the value of the Underlying and the Strike (the “**Cash Amount**”).

In case of Warrants Call the amount payable will be equal to the difference between (a) the price or level of the Underlying on the date of termination and (b) the Strike; multiplied with the multiplier.

In case of Warrants Put the amount payable will be equal to the difference between (a) the Strike and (b) the price or level of the Underlying on the date of termination; multiplied with the multiplier.

The amounts payable may have to be converted into the settlement currency using an exchange rate, which will be defined in the Final Terms.

The Cash Amount may be at a potentially substantial discount to the market value of the Securities on the issue date or on the purchase date of the Securities if, in addition to any other factors, the value of the Underlying is at an unfavourable level at the time the level or price of the Underlying is determined for the purpose of calculating the Cash Amount.

Investors should be aware that their entire investment may be lost if the Underlying is at an unfavourable level or price at the time the level of the Underlying is determined for the purpose of calculating the Cash Amount.

Following the occurrence of a Knock-out Event the Securities will terminate automatically **and the initial amount invested will be lost (including any transaction costs)**. A Knock-out Event occurs if the price or level of the Underlying during the term of the Securities is (a) in case of Warrants Call, less than or equal to a pre-determined barrier (the “**Knock-out Barrier**”) or (b) in case of Warrants Put, greater than or equal to the Knock-out Barrier.

The Knock-out Barrier, which is specified in the Final Terms, is identical with the Strike. Accordingly, in case of Open End Turbo Warrants, the Knock-out Barrier may change daily because the Strike will be determined on a daily basis, as further explained below.

In case of Index X-Turbo Warrants and Open End X-Turbo Warrants (the “**X-Turbo Warrants**”) the Knock-out Event is determined by monitoring the performances of two indices: the DAX[®] and the X-DAX[®]. The DAX[®] is calculated daily starting from (and including) 9.00am up to (and including) 5.30pm Central European Time (CET). The X-DAX[®] is also calculated daily from (and including) 8.00am up to (and excluding) 9.00am Central European Time, i.e. before the opening of the DAX[®], and from (and including) 5.45pm up to (and including) 10.15pm Central European Time, i.e. after the closing of the DAX[®]. The X-DAX[®] is based on a futures contract on the DAX[®] which is traded on the derivatives exchange EUREX. This DAX[®] futures contract is the future with the shortest expiry time and is adjusted for interest payments in relation to this future. The X-DAX[®] acts as indicator for the market development beyond the trading hours of the Frankfurt Stock Exchange.

This means that for determining the Knock-out Event, both the prices of the DAX[®] and the X-DAX[®] are relevant and the period during which a Knock-out Event can occur is considerably longer than in case of Turbo Warrants where the Knock-out Event is linked to the DAX[®] only. Therefore the risk that a Knock-out Event occurs increases substantially.

Investors should also note that the determination of the Cash Amount is based on the level of the DAX[®] only and not on the level of the X-DAX[®]. In the event that the level of the X-DAX[®] is more advantageous in comparison to the level of the DAX[®], this will not be considered in the determination of the Cash Amount.

Investors should be aware that their entire investment may be lost in the event that the price or level of the Underlying decreases (in case of Warrants Call) or increases (in case of Warrants Put).

The Securities have a so-called leverage effect. This effect means that the amount needed to invest in a Security to gain the same economic participation as a direct investment in the Underlying is considerably less than the amount which would be required for a direct investment in the Underlying. Therefore, the percentage gain if the level or price of the Underlying rises (in case of Warrants Call) or falls (in case of Warrants Put) and the percentage loss if the level or price of the Underlying falls (in case of Warrants Call) or rises (in case of Warrants Put) is considerably higher with the Securities than with a direct investment in the Underlying.

In case of X-Turbo Warrants investors should also note that due to the extended period during which a Knock-out Event could occur and therefore the increased risk of a Knock-out Event, the issue price of X-Turbo Warrants is usually lower than the issue price of regular Turbo Warrants. However, X-Turbo Warrants usually have a higher leverage than regular Turbo Warrants.

Investors should be aware that the leverage effect from holding the Security could result in losing a greater percentage of the investment than would occur through a direct investment in the Underlying.

The costs for creating and maintaining the leverage effect, the so called funding costs (the “**Funding Costs**”), are accounted for with the Strike.

In case of Turbo Warrants the Strike will be determined on the issue date and will not be subject to regular adjustments. The Strike will be specified in the Final Terms and will be determined by taking into account the Funding Costs.

In case of Open End Turbo Warrants the Strike will be determined on the issue date and will then be adjusted on each trading day during the term of the Securities by taking into account the Funding Costs. The Funding Costs, which will also be determined on each trading day, consist of a certain reference rate and a funding spread. The funding spread is a rate which is determined in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent (as defined in the section headed “The value of the Securities may fluctuate” below) taking into consideration the underlying currency and the prevailing market conditions. The funding spread may be reset on any trading day and is

subject to a maximum funding spread as specified in the Final Terms. Where a share or a share index is the Underlying, any dividends paid will also be accounted for in the Strike.

In case of Turbo Warrants the Strike will be determined on the issue date and will not be subject to regular adjustments.

Unlike direct investments in the Underlying, investors in the Securities having a fixed maturity or, in case they are open ended Securities, which are terminated by the Issuer, are not able to hold the Securities beyond their stated term or the termination date in the expectation of a recovery in the price of the Underlying.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income. The Securities do not grant any claim to dividends either.

The price at which a Securityholder will be able to sell Securities prior to exercise or termination may be at a potentially substantial discount to the issue price and/or market value of the Securities.

Costs of the “Quanto” feature

Where the underlying currency is different to the settlement currency, the Securities may have a quanto feature (effectively a fixed rate of exchange between the two currencies for the term of the Securities) and the Issuer may charge the Securityholder for arranging and maintaining such quanto feature by way of reducing the amount received by the Securityholder on exercise or termination.

Investors should therefore be aware that the cost to the Issuer for maintaining the quanto feature may significantly reduce the value of the Securities and the Cash Amount payable (if any).

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 in this Base Prospectus or the Final Terms or incorporated by reference;
- (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 where payments are to be made in one or more currencies, or where the currency for any payments is different from the currency of the country where the potential investor is resident;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for the development of economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The 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 and 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 Securityholders may sustain a total loss of their investment. Potential investors 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 is expected to be affected primarily by changes in the price or level of the Underlying to which such Securities are linked. It is impossible to predict how the price or level of the relevant Underlying will vary over time. Factors which may have an affect on the price or level of certain Underlyings include the rate of return of such Underlyings and the financial position and prospects of the issuer of such Underlyings or any component thereof. In addition, the price or 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 the 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 in the performance of the Securities may not be comparable and may be disproportionate as compared to the change of the Underlying. 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 Royal Bank of Scotland plc in its capacity as calculation agent or such other entity as specified in the Final Terms (the "**Calculation Agent**") may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event, Emerging Market Disruption Event or any other disruption event and/or no Adjustment Event or Potential Adjustment Event (each of these events as specified in the Final Terms) which applies.
- (b) *Interest Rates.* Investments in the Securities may involve interest rate risks with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influences

interest rates, such as macroeconomic, governmental, speculative, and market sentiment factors. Such fluctuations may have an impact on the value of 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 macroeconomic 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 usually have separate volatilities at any particular time.
- (d) *Exchange Rates.* Even where payments with respect to 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 with respect to the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates on the issue date 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 “Quanto”, the price or level of the Underlying will be converted from one currency (the “**Strike Currency**”) into another currency (the “**Settlement Currency**”) on the date and in the manner specified in the Final Terms using a fixed exchange rate. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Strike Currency and the Settlement 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 Events.* The Calculation Agent may determine that a disruption event, including but not limited to a Market Disruption Event or an Emerging Market Disruption Event (each of these events as specified in the Final Terms) has occurred or exists at a relevant time. Such determination may negatively affect the value of the Securities and the pay out under the Securities and/or may delay settlement with respect to the Securities. Potential investors should review the Final Terms 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 has no rights against any other person. The Securities constitute unsecured and unsubordinated obligations of the Issuer only. The Securities 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.

Pricing of Securities and impact of agio, commission, fees etc. on pricing

The issue price with respect to the Securities is based on internal pricing models of the Issuer and may be higher than the market value of the Securities, and the price, if any, at which any person is

willing to purchase such Securities in secondary market transactions may be lower than the issue price with respect to such Securities. In particular, the issue price may include (irrespective of any agio which may be payable) commissions and/or other fees relating to the issue and sale of the Securities (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Securities, and secondary market prices are likely to exclude such amounts. In addition, pricing models of other market participants may differ or produce a different result.

There may not be a secondary market in the Securities

There is a risk that investors have to hold the Securities through their life and cannot sell them prior to an exercise or termination. The nature and extent of any secondary market in the Securities cannot be predicted. Therefore, there is a risk of lack of liquidity in the Securities. 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 on an exchange or quotation system 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 Securities repurchased by the Issuer may be resold at any time in the market.

In case of X-Turbo Warrants a Knock-out Event can occur beyond the regular trading hours of the Issuer and investors may not be able to sell the Securities in the secondary market if a Knock-out Event is imminent.

Total amount of the offer

The total amount of the offer of a series of Securities specified in the Final Terms is the maximum total amount of such series of Securities to be offered but does not mean that this amount will actually be issued. The amount of Securities actually issued may change over the term of the Securities and depends on various factors. In addition, repurchases by a market maker, if any, or the Issuer (or any of its affiliates), may reduce the amount of Securities being available for investors. Potential investors should therefore not regard the total amount of the offer of a series of Securities specified in the Final Terms as indicative of the depth or liquidity of the market or of the demand for such series of Securities. This also applies if there is a secondary market in the Securities.

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 price 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, including effecting transactions for their own account or for the account of third parties and hold long or short positions in the Underlying, whether for risk reduction purposes or market-making activities, proprietary trading or other trading activities. 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. 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. Such hedging or market-making activities, proprietary or other trading activities by the Issuer and/or any of its affiliates may affect the market price, liquidity or price or level of the Underlying and/or the Securities and could be deemed to be adverse to the interests of the Securityholders and/or have a detrimental effect on the value of the Securities and/or the Cash Amount. 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 a Knock-out Event. If a Knock-out Event occurs, the entire investment of a Securityholder will be lost. 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 or level of the Underlying.

Securityholders have no ownership interest in the Underlying

The Issuer is entitled but not obliged to hold the Underlying or enter into any derivatives contracts linked to the Underlying. Even if the Issuer chooses to do so, the Securities do not convey any ownership interest in the Underlying to the Securityholders. Furthermore, there is no restriction on the ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying held by it or any derivatives contracts linked to the Underlying entered into by it.

Actions taken by the Issuer and/or the Calculation Agent as a consequence of events affecting the Underlying

The Calculation Agent is the agent of the Issuer and not the agent of the Securityholders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments to the General Conditions and the Product Conditions applying to a specific series of Securities (together, the “**Conditions**”) as it considers appropriate as a consequence of any disruption events or certain actions (e.g. corporate actions) affecting the Underlying. The “**General Conditions**” are the general conditions of the Securities and the securities-specific product conditions are the “**Product Conditions**”. 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 disruption event or action (e.g. corporate action) affecting the Underlying.

There may be delays in effecting settlement

There may be a time lag between the time of exercise and the determination of the amount payable. In addition, there may be a delay in settlement due to a disruption event including but not limited to a Market Disruption Event or an Emerging Market Disruption Event. Payments under the Securities may decrease from what they would have been but for such delay.

The failure to properly deliver any certification required under the Conditions could result in the loss or inability of the investors to receive amounts otherwise due under the Securities.

Potential investors should review the Conditions to ascertain whether and how such provisions apply to the Securities.

Taxes may be payable by the Securityholders

Potential investors in, and sellers of, the Securities should be aware that they may be required to pay taxes, duties or other charges in accordance with the laws and practices of the country where the Securities are transferred. Pursuant to the provisions of General Condition 7, 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 and the Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer or payment in respect of the Securities held by such Securityholder. The Issuer shall have the right, 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. Furthermore, any payment due with respect to the Securities will be conditional upon the payment of any expenses as provided in the Product Conditions.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential investors should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Besides potential changes in the tax regulations of the single home state of the potential investor, the Issuer or each other party involved in the investment or holding of the Securities, the potential investor should be aware of international efforts to implement additional tax payments on investment income such as the decision by the European Council adopted in January 2013 authorising 11 EU member states to proceed with the introduction of a financial transaction tax through “enhanced cooperation”.

Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Withholding requirements according to the FATCA regulation

The Issuer and other financial institutions that perform payments related to the Securities which are issued or substantially modified after 31 December 2013 could be subject to a withholding tax obligation under the “FATCA” (Foreign Account Tax Compliance Act) of the United States of America commencing on 31 December 2016. In this case, the withholding tax rate will amount to 30% on all payments with respect to the Securities.

The same will apply – irrespective of the date of issuing of the Securities and irrespective of the date of payment – if the payments under the Securities will be qualified as a “dividend equivalent” payment for US tax purposes.

The application of the FATCA rules on payments on the Securities may be, inter alia, altered by intergovernmental agreements between the United States of America and the home countries of the Issuer, Clearing Agent, the Paying Agent and all other financial institutions involved in the payments under the Securities.

The Securities may under certain circumstances be terminated by the Issuer prior to their stated date

The Issuer has the right to terminate the Securities (a) if it shall have determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the “**Applicable Law**”), (b) upon the occurrence of a Hedging Disruption Event as specified in the Final Terms, (c) where the Underlying is an index if, (i) the index sponsor or, if applicable, the successor sponsor, as specified in the Final Terms, 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 index components as specified in the Final Terms and other routine events); or (ii) the index sponsor or, if applicable, the successor sponsor, fails to calculate and/or announce the index; or (iii) the index sponsor or, if applicable, the successor sponsor, permanently cancels the index or permanently discontinues the calculation and/or announcement of the index and no successor index exists, and (d) where the Underlying is a share upon the occurrence of an Adjustment Event as specified in the Final Terms. If the Issuer terminates in such circumstances, it will, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring the illegality, if any) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

Risks associated with Securities represented by a Global Security or issued in dematerialised form

The Securities, except in the case of Securities issued in dematerialised form, are bearer securities which are represented by a Global Security deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred. If the Securities are issued in dematerialised form (the “**Dematerialised Securities**”), they will be registered in the book-entry system of the Clearing Agent. In that case, 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. In either case (whether in global or in dematerialised form), no definitive securities will be issued.

Irrespective of whether the Securities are represented by a Global Security or issued as Dematerialised Securities, the Issuer has no responsibility or liability under any circumstances for any acts and omissions of the Clearing Agent as well as for any losses which a Securityholder might incur out of such acts and omissions in general and for records relating to, or payments made in respect of, the Securities.

Risk associated with nominee arrangements

Where a nominee service provider is appointed by a Securityholder to hold its Securities (nominee arrangement) or such Securityholder holds interests in any Security through accounts with a Clearing Agent, such Securityholder will receive payments solely on the basis of the arrangements entered into by the Securityholder with the nominee service provider or Clearing Agent, as the case may be. Furthermore, such Securityholder must rely on the nominee service provider or Clearing Agent to distribute all payments or securities attributable to the relevant Securities which are received from the Issuer. Accordingly, such a Securityholder will be exposed to the credit risk of, and default risk with respect to, the nominee service provider or Clearing Agent, as well as the Issuer.

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

None of the Issuer or The Royal Bank of Scotland plc in its capacity as paying agent or such other entity as specified in the Final Terms (the “**Paying Agent**”) shall be responsible for the acts or omissions of any nominee service provider or Clearing Agent nor does it make any representation or warranty, express or implied, as to the service provided by any nominee service provider or Clearing Agent.

The return on an investment in the Securities will be affected by charges incurred by the Securityholders

A Securityholder's total return on an investment in the Securities will be affected by the level of fees charged by the nominee service provider and/or the Clearing Agent used by the Securityholder. 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. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Securities.

Changes of law may affect the value of the Securities

The Conditions are based on German law. No assurance can be given as to the impact of any possible change to such law or judicial or administrative practice in the relevant jurisdiction after the date of this Base Prospectus.

Ratings may not reflect all risks

One or more independent 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 the structure of the Securities, the market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment constraints may restrict certain investments

The investment activities of certain investors are subject to 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 (a) the Securities qualify as legally permissible investments for it, (b) the Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to the purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Use of loans

If an investor uses a loan to finance the purchase of the Securities, not only does it have to absorb the loss if the Securities fail to develop as expected, but it must also repay the loan principal plus interest. This increases the investor's risk of loss significantly. Investors should never count on paying interest and principal with profits from an investment in Securities. Instead, potential purchasers of Securities should first examine their financial situation in order to determine whether they will be able to pay the interest, and if necessary, repay the loan on short notice, even if the expected profits turn into losses.

2.2 Risks relating to the Underlying

Certain Underlyings to which the Securities are linked are subject to certain risks

Special risks associated with commodities

In general, there are three main categories of commodities: mineral commodities (e.g. oil, gas, aluminium and copper), agricultural products (e.g. wheat and corn) and precious metals (e.g. gold and silver). Most commodities are traded on specialised exchanges or directly among market participants in the form of over the counter dealings (off-exchange) through largely standardised contracts.

The price risks inherent in commodities are often complex, as prices are subject to greater fluctuations (volatility) in this investment category than in other investment categories. In particular, commodities markets are less liquid than bond, currency or stock markets so that supply and demand changes materially affect prices and volatility. Consequently, investments in commodities are associated with greater risks and are more complex than investments in bonds, currencies or stocks.

There are numerous and complex factors affecting commodity prices. The following is a non-exhaustive list of several typical factors affecting commodity prices:

- (a) *Supply and demand.* Planning and managing the commodities supply is very time-consuming. As a result, there is little room for manoeuvre on the supply side and it is not possible to quickly adjust production to demand changes at all times. Demand may also differ on a regional scale. Likewise, prices are affected by the costs of transport to regions where commodities are needed. The cyclical behaviour of some commodities, e.g. agricultural products that are seasonally grown or produced, may entail heavy price fluctuations.
- (b) *Direct investment costs.* Direct investments in commodities are associated with storage and insurance costs as well as taxes. In addition, commodities do not pay interest or dividends. These factors affect the total return of commodities.
- (c) *Liquidity.* Not all commodities markets are liquid and able to react quickly and in a sufficient scope to changes in the supply and demand situation. As only few market participants are trading in the commodities markets, heavy speculative activity may have adverse consequences and cause price distortions.
- (d) *Weather and natural disasters.* Unfavourable weather conditions may affect the supply of certain commodities for the entire year. A supply crisis triggered by unfavourable weather conditions may lead to heavy and unpredictable price fluctuations. Likewise, the spread of diseases and the outbreak of epidemics may affect the prices of agricultural products.
- (e) *Political risks.* Commodities are often produced in emerging markets and in demand from industrial countries. Often, however, the political and economic situation in emerging markets is far less stable than in the industrial countries. Emerging markets are far more susceptible to the risks associated with swift political changes and economic downturns. Political crises may shake the confidence of investors which, in turn, may affect the prices of commodities. Military or other conflicts may change the supply and demand patterns of certain commodities. Moreover, industrial countries may impose embargos on exported or imported goods and services, which may have a direct or indirect impact on the commodity prices. In addition, several commodities producers have formed organisations or cartels in order to regulate supply and, thus, prices.
- (f) *Taxation.* Changes in tax rates and tariffs may decrease or increase the profitability of commodities producers. Where such costs are passed on to investors, changes in tax rates and tariffs affect the prices of the respective commodities.

Past Performance. The past performance of the commodity is no guarantee of future results even if the past performance of the commodity has been tracked for a longer time.

Special risks associated with futures contracts

- (a) Commodity future contracts are standardised futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals), whereas

financial futures contracts are standardised futures transactions that are linked to financial instruments (e.g. shares, indices and foreign currencies).

A futures transaction constitutes the contractual obligation to buy or sell a certain amount or number of the respective underlying at a fixed price and at a pre-determined future point in time. Futures contracts are traded on futures exchanges and standardised for this purpose with respect to their contract size, the nature and quality of the underlying as well as delivery places and dates, if any.

Generally, there is a strong correlation between the price development of an underlying on the spot market and the corresponding futures exchange. However, futures contracts are often traded at a premium on, or discount from, the spot price of the underlying. In the terminology used on futures exchanges, the difference between the spot price and the futures price is called “contango” or “backwardation”, as the case may be, and is a result of the inclusion of costs usually incurred in connection with spot transactions (storage, delivery, insurance etc.) and of income usually generated with spot transactions (interest, dividends etc.) on the one hand and differences in the evaluation of general market factors prevailing on the spot market and the futures exchange and the corresponding expectations of market participants on the other hand. Moreover, liquidity on the spot market may differ considerably from liquidity on the corresponding futures exchange, depending on the underlying.

Furthermore, when investing in commodity future contracts, investors may find themselves in situations where the prices of commodity future contracts expiring at a later date are higher (contango) or lower (backwardation) than the current spot price of the respective commodity. As the expiry date of the respective futures contract approaches, the futures price and the spot price of the respective commodity converge so that the Security linked to the respective futures contract may show a negative performance despite the fact that the spot price of the commodity is increasing.

If the Securities are linked to the exchange price of the underlying futures contracts, knowledge of the market of the underlying to which the respective futures contract is linked as well as of the functioning and evaluation factors of futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Securities. If the underlying to which the futures contract is linked is a commodity, the risk factors set out in “Special risks associated with commodities” above should be taken into account in addition to the risk factors described in this subsection.

- (b) Since futures contracts serving as the Underlying of the Securities may have expiration dates different from the term of the Open End Turbo Warrants, the Issuer will replace at a certain point in time the initial underlying futures contract as well as any subsequent current futures contract in each case by a futures contract which, except for its expiration date which will occur on a later date, has the same contract specifications as the initial underlying and any subsequent current futures contract (the “**Rollover**”). If, on a certain Rollover Date (as specified below), the Calculation Agent believes that there is no futures contract available whose terms

or relevant contract specifications match with those of the futures contract to be replaced, the Issuer shall have the right to terminate the Open End Turbo Warrants or to replace the futures contract. If necessary, the new futures contract will be multiplied by an adjustment factor in order to ensure continuity in the performance of the reference assets underlying the Open End Turbo Warrants.

A Rollover will be effected on the relevant day specified in the Final Terms (the “**Rollover Date**”) within a certain time frame shortly before the expiration date of the current futures contract. To this end, on any Rollover Date, the Issuer will liquidate its positions assumed through the corresponding hedging arrangements in relation to the existing futures contract whose expiration is imminent and will assume corresponding positions in relation to a futures contract having identical terms but providing for a longer maturity. New futures contracts will be selected at fixed intervals. In the case of a three-month interval, for example, the futures contract expiring in January (the “**Old Forward or Futures Contract**”) will be replaced by an identical futures contract (the “**New Forward or Futures Contract**”) expiring the following April.

In order to cover the transaction costs incurred in connection with the Rollover, a transaction charge (the “**Transaction Charge**”) will be calculated, the amount of which will equal a certain number for each futures contract expressed in the trading currency.

Since the Issuer will not be able to liquidate the positions relating to the Old Futures Contract and to assume the positions relating to the New Futures Contract in each case at one and the same price of the respective Underlying, a “**Rollover Ratio**” will be determined on the basis of the Transaction Charge and the prices for both the Old Futures Contract and the New Futures Contract. If, in case of a commodity futures contract, on the Rollover Date the price of the New Futures Contract is higher than the price of the Old Futures Contract, investors could suffer losses.

Special risks associated with indices

- (a) *Risk of short history.* As at the date of the issuance of Securities linked to an index, the underlying index may have been in existence only for a short period of time, the strategies that will be applied by the underlying index may not have previously been used, and such strategies may deliver disappointing results over the longer term.
- (b) *Past Performance.* The past performance of the underlying index is no guarantee of future results even if the underlying index has been in existence for a longer period of time.
- (c) *Risks applicable where the Underlying is a price index related to shares.* If the Underlying is a price index (contrary to a performance index), dividends paid out result in a decrease in the level of the index. Securityholders thus do not participate in any dividends or other distributions on the shares contained in the price index.
- (d) *Influence of the Issuer on the composition of an underlying index.* The composition of an index may be determined in such a way that the index sponsor determines the composition and

carries out the calculation of the index alone or in cooperation with other entities. If the Issuer is not the index sponsor, it usually cannot influence the composition of the index and the relevant index sponsor can make changes to the composition or calculation of the index under the index rules which may have a negative effect on the performance of the index or can permanently discontinue the calculation of the index without establishing a successor index. In the latter case, the Securities may be terminated and a loss may be incurred. On the other hand, if the Issuer or an affiliated company of the Issuer acts as index sponsor or as index calculator, conflicts of interests may arise with respect to the Issuer or its affiliated company acting in different capacities under the Conditions of the Securities and under the index rules. Conflicts of interest may also arise in this case if the Issuer or an affiliated company has issued or owns assets being components of the index or if the Issuer or an affiliated company has business relations with entities having issued or owning assets being components of the index.

Special risks associated with volatility Underlyings

Possible underlyings linked to volatility are futures contracts on volatility indices and indices consisting of futures contracts on volatility indices.

The term “volatility” refers to the actual and anticipated frequency and magnitude of changes of the market price of a reference asset (e.g. a share index or a commodity index) and includes both negative and positive changes of the market price during a certain period of time. Depending on the period of time and the formula used for calculating the volatility, different volatilities for a certain reference asset are possible. Volatility is affected by a number of factors such as macroeconomic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of a reference asset will move up and down over time (sometimes more sharply than at others).

A volatility index represents the market's expectation of the future volatility of a certain reference asset, such as a share index or a commodity index, based on futures exchange-traded options on the respective share or commodity index. Factors relevant for the performance of the volatility index are, in addition to the performance of the relevant options on the respective share or commodity indices, the performance of futures contracts on the relevant share or commodity indices, the development of interest rates, hedging transactions on the markets for the relevant share-like and commodity-like structured products as well as supply and demand of exchange and off-exchange derivatives on the relevant share or commodity index. In contrast, the performance of the price of the share or commodity index to which the volatility index is linked is of minor importance for the performance of the volatility index.

If the Security is linked to a futures contract on a volatility index, the value of the Security depends on the volatility, i.e. the expected changes including both rises and declines, of a certain share or commodity index as represented by the relevant volatility index. It should be noted that the performance of the futures contract on the volatility index may, prior to the expiration date of the futures contract, significantly deviate from the actual level of the volatility index because the

performance of the futures contract and of the volatility index may be based on different prices expected by the market with respect to different expiration dates. Further information on futures contracts can be found in the section headed "Special risks associated with futures contracts".

In case of a Security linked to an index consisting of futures contracts on a volatility index, the Underlying (index) consists of several futures contracts on the relevant volatility index. The value of such Security also depends on the volatility of the share or commodity index to which the volatility index is linked as represented by the relevant volatility index and, accordingly, the value depends on the expected changes including both rises and declines of the relevant share or commodity index. Also in this case, it should be noted that the performance of the Underlying of the Security, i.e. the index consisting of futures contracts on a volatility index, may deviate from the actual level of the volatility index because the performance of the futures contracts comprised by the Underlying (index) and of the volatility index to which they are linked may be based on different levels of volatility expected by the market. In addition, in this case the performance of the Underlying (index) will depend on the remaining term of the futures contracts comprised by the index.

Securities linked to volatility underlyings are not suitable for investors who wish to participate in an increase or decrease of volatility of a share or commodity index over a medium to long term. In particular, in case of Securities on future contracts on indices, a medium to long term investment may result in significant losses or in a total loss of the investment due to the Transaction Charge related to the recurring Rollover, even though the performance of the Underlying (i.e. of the relevant futures contract on the volatility index) may be positive.

Knowledge of the market of the reference asset to which the respective futures contract is linked (i.e. the relevant share or commodity index) as well as of the functioning and evaluation factors of volatility indices and of futures contracts is necessary to make a valid assessment of the risks associated with the purchase of Securities linked to volatility underlyings.

Special risks associated with shares

- (a) *Risk of short history.* As at the date of the issuance of Securities linked to a share, the underlying shares may have been in existence or have been listed only for a short period of time and may deliver disappointing results over the longer term.
- (b) *Past Performance.* The past performance of an underlying share is no guarantee of future results even if the underlying share has been in existence or have been listed for a longer period of time.
- (c) *Risks related to foreign exchange controls.* Potential investors should note that payments under the Securities by the Issuer with respect to single share Securities can be subject to the ability of the Issuer to sell the Underlying and to there being no foreign exchange control restrictions, including restrictions which prevent the conversion of the Strike Currency into the Settlement Currency and the transfer of the Settlement Currency to accounts outside the jurisdiction of the Underlying.

- (d) *Dividends and distributions.* Unless otherwise specified in the relevant Product Conditions, investors receive neither dividends nor any other distributions from the underlying shares.

Special risks associated with currencies

Investing in Securities with currency underlyings involve the risk of fluctuations in the underlying exchange rate resulting in unexpected and large fluctuations in the value of the Securities and having an impact on the return of the Securities.

An exchange rate is the result of the supply of, and the demand for, the respective pair of currencies. Changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the countries where such currencies are legal tender, including economic and political developments in other countries. Of particular importance to potential currency exchange risks are: (a) rates of inflation; (b) interest rate levels; (c) balance of payments; and (d) the extent of governmental surpluses or deficits in the relevant country. All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the countries where such currencies are legal tender, and other countries important to international trade and finance.

Special risks associated with emerging market underlyings

Investing in Securities with emerging market underlyings (see the following paragraph below) involves substantial risks (including legal, political and economic risks) in addition to those risks normally associated with making investments in other countries and other investment products. Consequently, investments in Securities with emerging market underlyings are only suitable for investors who are aware of the special risks associated with an investment in emerging market assets and who have the knowledge of, and expertise in, financial transactions required to evaluate the risks and merits of an investment in such securities.

Emerging markets are countries whose economies are in the process of changing from those of a moderately developed country to that of an industrial country. Emerging market underlyings include for example assets traded or listed on an exchange in emerging markets (e.g. certain commodity future contracts or shares), emerging market currencies, shares of companies whose assets are located in emerging markets to a material extent or that carry out a material share of their business activities in emerging markets, as well as indices comprising stocks or other financial instruments from emerging markets. Emerging markets are exposed to risks inherent in rapid political changes and economic downturns. Certain political risks may be higher in emerging markets than, for example, in EU countries or other industrial countries.

For example, restrictions may be imposed on foreign investors; assets may be expropriated or subject to taxation that is equivalent to expropriation; foreign bank deposits or other assets may be confiscated or nationalised; exchange controls may be imposed or other adverse political and/or social developments may occur. In addition, emerging markets economies may experience adverse developments including, but not limited to, in relation to inflation rates, exchange rate fluctuations or payments settlement.

Each of the above impairments may have an adverse effect on investments in such country and may continue for a prolonged period of time, i.e. weeks or even months and each of the above impairments may constitute a Market Disruption Event or an Emerging Market Disruption Event under the conditions of the Securities issued under this Base Prospectus. As a consequence, no prices may be quoted in such period for the Securities affected by such an event. If, for example, it is determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) that a Market Disruption Event or an Emerging Market Disruption Event has occurred or is continuing on the valuation date, such valuation date may be postponed by a considerable period of time. As a result, payments to be made under the Securities may be delayed considerably. If, on the last day of the period by which the valuation was postponed, the Market Disruption Event or Emerging Market Disruption Event is still continuing, the reference price of the Underlying will be determined by the Issuer in its reasonable discretion (*billiges Ermessen*) and may even be zero.

Securities markets in emerging markets are mostly less developed, substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. No assurance can be given that such volatility or illiquidity will not occur in the future. Many such securities markets also have clearance and settlement procedures that are less developed, less reliable and less efficient than those in more developed countries. There may also be generally less governmental supervision and regulation of the securities exchanges and securities professionals in emerging markets than exists in more developed countries.

Disclosure, accounting and regulatory standards in emerging markets are in many respects less stringent than standards in more developed countries and there may be less publicly available information about companies in such markets than is regularly published by or about companies in more developed countries. The assets and liabilities and profits and losses appearing in the financial statements of such companies may not reflect their financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with generally accepted international accounting principles in more developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently than under generally accepted international accounting standards, all of which may affect the valuation of the underlying.

All of the above factors may have a material adverse effect on the value of the respective Securities.

INFORMATION ABOUT THE ISSUER

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its office in London or any other office, as specified in the Final Terms, as issuer of the Securities (the “**Issuer**”) is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the “**Registration Document**”) which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the “**FSA**”) (excluding the subsection “Assets, owners’ equity and capital ratios” on page 25 of the Registration Document, the subsection “Large exposure regime” on page 26 of the Registration Document, the subsection “No Significant Change and No Material Adverse Change” on page 59 of the Registration Document and items (a) to (f) in the section “Documents Incorporated by Reference” on pages 63 to 65 of the Registration Document) (see “Documents Incorporated by Reference”).

The information contained in the Registration Document shall be updated by the following subsections “Assets, owners’ equity and capital ratios” and “Recent Developments”.

Assets, owners’ equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the “**Group**”) had total assets of £1,312 billion and owners’ equity of £68 billion as at 31 December 2012. The Group’s capital ratios as at 31 December 2012 were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the “**Issuer Group**”) had total assets of £1,284 billion and owners’ equity of £59 billion as at 31 December 2012. As at 31 December 2012, the Issuer Group’s capital ratios were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

Recent developments

Direct Line Group – further share sale

On 13 March 2013, the Group announced a further sale of Direct Line Group (“**DLG**”) ordinary shares held by the Group, reducing the Group’s ownership of DLG below the 50 per cent. level. As a result, DLG has ceased to be a principal subsidiary undertaking of RBSG.

Replacement of the FSA

On 1 April 2013, the UK Financial Services Authority (FSA) was replaced by the Prudential Regulation Authority and the Financial Conduct Authority. With effect from this date, the Issuer (which was

previously supervised by the FSA) is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority (“**FCA**”) and the Prudential Regulation Authority.

Large exposure regime

The Issuer is subject to the PRA’s large exposure regime and specific application to intra-group exposures. Following the grant of a direction by the PRA, the Issuer is no longer in breach of current rules relevant to intra-group exposures and no longer operating within the scope of a PRA-agreed remediation plan.

Planned management changes

On 9 May 2013, RBSG announced planned changes to its management team and Board. Bruce Van Saun (currently Group Finance Director) is to become Chairman and Chief Executive of RBS Citizens Financial Group (“**Citizens**”), replacing Ellen Alemany who will retire from Citizens after more than 5 years service. Nathan Bostock (currently Chief Risk Officer) will become Group Finance Director. Nathan Bostock will be replaced by David Stephen (currently Deputy Group Chief Risk Officer) as Chief Risk Officer. The appointments will take effect on 1 October 2013 at which point Nathan Bostock will replace Bruce Van Saun as an Executive Director of RBSG. All will be members of the Group Executive Committee.

No significant change and no material adverse change

There has been no significant change in the financial position of the Issuer and the Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the “**Issuer Group**”) taken as a whole since 31 December 2012 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the date of the last published audited financial statements of the Issuer Group).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

PERSONS RESPONSIBLE

The Royal Bank of Scotland plc, with registered office at 36 St Andrew Square, Edinburgh, EH2 2YB, Scotland, and principal office at RBS Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ, Scotland, is responsible for the information given in this Base Prospectus and further declares that, to the best of its knowledge, the information contained in this Base Prospectus is correct and omits no significant factors.

IMPORTANT NOTICE

This Base Prospectus does not, either on its own or in conjunction with the Registration Document or any Supplements, constitute an offer to purchase or a solicitation to make an offer or to subscribe Securities, nor shall it be deemed a recommendation by the Issuer to subscribe or purchase any Security.

The distribution of this Base Prospectus or any other documents in connection with the LaunchPAD Programme as well as the issue, offer, listing, sale or delivery of the Securities by the Issuer must under no circumstances be construed as indicating that the financial condition of the Issuer or the Issuer Group as described herein has remained unchanged since the date of this Base Prospectus. In accordance with Section 16(1) WpPG, every significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Securities and which arises or is noted between the time when this Base Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, will be mentioned in a Supplement to this Base Prospectus.

No person shall be authorised to give any information or make any representations in relation to the Issuer or the Issuer Group other than those contained in this Base Prospectus. In the event that any such information is given or any such representations are made, they must not be deemed approved by the Issuer or the Issuer Group.

The distribution of this Base Prospectus as well as the offer, sale or delivery of the Securities may be prohibited by law in certain jurisdictions outside the Federal Republic of Germany. The Issuer hereby requests persons coming into possession of this Base Prospectus to familiarise themselves with and observe such restrictions. For a description of certain restrictions on the distribution of this Base Prospectus and the offering material relating to the Securities as well as the offer, sale and delivery thereof, see "*Selling Restrictions*".

TAXATION

Potential purchasers of the Securities who are in any doubt about their tax position on acquisition, ownership, transfer, redemption or non-redemption of any Security should consult their professional tax advisers. The term “redemption” in the following summary also includes the concept of exercise and termination within the meaning of the Product Conditions.

1. GENERAL

Purchasers of the 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 the Securities.

The Issuer assumes neither any liability nor any obligation to pay any taxes, duties or other payments which may arise as a result of the acquisition, ownership, transfer or redemption of any Securities. Investors are advised that, under the terms of the Securities, any such taxes levied will not be reimbursed by the Issuer.

2. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law and United Kingdom HM Revenue & Customs (“HMRC”) practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, not exercising or disposing of Securities and should not be relied upon by Securityholders or prospective Securityholders. 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 Securityholders depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Securityholder will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as completed or adjusted 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 Securityholders 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 Securityholder should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

2.1 Withholding on account of United Kingdom tax

Payments made in respect of the Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as 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 should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Securities provided that the Securities are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the *Corporation Tax Act 2009* (which broadly they should be, provided that they are options, futures or contracts for differences for the purposes of Part 7 of that Act, 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, such payments may be made without deduction or withholding for or on account of United Kingdom income tax provided that the Issuer continues to be a bank within the meaning of section 991 of the *Income Tax Act 2007* (the "**Act**"), and provided that any such interest is paid in the ordinary course of the Issuer's business within the meaning of section 878 of the Act.

Payments of interest on or in respect of the Securities may also be made by the Issuer 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 Act. The Securities will satisfy this requirement if they are admitted to trading on a "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 without withholding or deduction for or on account of United Kingdom income 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 interest on or in respect of the Securities is paid by the Issuer and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on or in respect of the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

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

In other cases, an amount must generally be withheld from payments of interest on or in respect of the 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 Securityholder, HMRC can issue a notice to the Issuer to pay interest to the Securityholder 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).

2.2 Certain other United Kingdom tax considerations

Payments made in respect of Securities issued by the Issuer are 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 Securityholder 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 Securityholder.

If Securityholders are liable to United Kingdom tax by way of direct assessment, Securityholders 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.

2.3 United Kingdom information gathering powers

Securityholders 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 Securityholder. 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 2014. 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 Securityholder is resident for tax purposes.

2.4 Stamp taxes

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.

A charge to United Kingdom stamp duty at a rate of 1.5 per cent of the value of the Securities may arise on the issue of Securities in bearer form where such Securities are denominated in sterling and do not constitute loan capital ("**Loan Capital**") for the purposes of section 78 Finance Act 1986 ("**FA 1986**"). The issue of a Security which has the characteristics of an option or any instrument granting such a Security may also be subject to United Kingdom stamp duty at a rate of up to 4 per cent of the consideration paid for the Security where the document under which the option is granted is executed in or brought into the United Kingdom.

Stamp duty on the transfer of Securities

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

An instrument transferring Securities on sale may be subject to stamp duty at a rate of 0.5 per cent (or 1.5 per cent in the case of a transfer to a Clearance Service (as defined below) or to a person issuing depository receipts) of the consideration paid for the Securities if the Securities are either not Loan Capital or are Loan Capital but are not Exempt Loan Capital (as defined below).

Stamp duty on the exercise or redemption of Securities

No United Kingdom stamp duty should be payable in relation to the exercise or redemption of a Security which is cash settled.

Stamp duty reserve tax ("SDRT")

For the purposes of the preceding and following paragraphs, "**Exempt Loan Capital**" means any security which constitutes Loan Capital and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (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.

SDRT on Loan Securities

The following analysis applies to Securities which are capable of being cash settled only, which constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 (each a "**Loan Security**" or a "**Cash Settled Loan Security**").

SDRT on the issue of Loan Securities to a Clearance Service

No SDRT should be payable in relation to the issue 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**"), of a Loan Security provided that it is Exempt Loan Capital.

Subject to the comments in the paragraph below regarding a decision of the European Court of Justice (the “**ECJ**”), except where an election has been made under which the alternative system of charge as provided for in section 97A FA 1986 applies (a “**s97A Election**”), SDRT should generally be payable in relation to the issue to a Clearance Service of a Loan Security which is not Exempt Loan Capital, unless that Loan Security is in bearer form and either: (i) it is denominated in sterling; or (ii) it is not denominated in sterling (and if it is a loan that is repayable in sterling this is solely at the option of the holder) and either raises new capital or is issued in exchange for an instrument raising new capital, in each case for the purposes of section 97(3)(b) FA 1986. Any such SDRT would be payable at a rate of 1.5 per cent of the issue price.

Following the ECJ decision in C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty's Revenue & Customs (Case C-569/07) and the First-tier Tax Tribunal decision in HSBC Holdings Plc and the Bank of New York Mellon Corporation v The Commissioners of Her Majesty's Revenue & Customs (together the “**HSBC Decisions**”) HMRC has indicated that the overall effect of the HSBC Decisions is that the 1.5 per cent charge is no longer applicable to issues of UK shares and debt securities to clearance services or depository receipt issuers anywhere in the world. However, it is possible that HMRC might amend the UK stamp duty and/or SDRT regime in such a way as to alter the position outlined above.

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

SDRT should generally not be payable in relation to an agreement to transfer a Loan Security held within a Clearance Service provided that no s97A Election applies in respect of the Loan Security.

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

In the case of Loan Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election applies in respect of the Loan Security, no SDRT should be payable in relation to any agreement to transfer such a Security provided that it is Exempt Loan Capital.

In the case of Loan Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election has been made, SDRT should generally be payable in relation to any agreement to transfer a Loan Security which is not Exempt Loan Capital, unless that Loan Security is in bearer form and it was not exempt from stamp duty on issue because it does not constitute Loan Capital and it is denominated in sterling. Any such SDRT would be payable at a rate of 0.5 % of the consideration given under an agreement to transfer such Loan Securities, unless the transfer is to a Clearance Service or to a person issuing depository receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

SDRT on Non-loan Securities

The following analysis applies to Securities which are capable of being cash settled only, which do not constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 (each a “**Non-loan Security**” or a “**Cash Settled Non-loan Security**”).

SDRT on the issue of Non-loan Securities to a Clearance Service

No SDRT should be payable in relation to the issue of a Cash Settled Non-loan Security to a Clearance Service unless such Security is either (a) an interest in stocks, shares or loan capital that are not Exempt Loan Capital or (b) an interest in dividends or other rights arising out of such stocks, shares or loan capital. It is not clear that the HSBC Decisions would apply in the case of Non-loan Securities which would otherwise be subject to an SDRT charge on issue to a Clearance Service.

SDRT on the transfer of Non-loan Securities held within a Clearance Service

SDRT should generally not be payable in relation to an agreement to transfer Non-loan Securities held within a Clearance Service, provided no s97A Election has been made.

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

No SDRT should be payable in relation to an agreement to transfer a Cash Settled Non-loan Security which is held outside a Clearance Service or held within a Clearance Service but in respect of which a s97A Election has been made in respect of the Cash Settled Non-loan Security unless such Security is either (a) an interest in stocks, shares or loan capital that are not Exempt Loan Capital or (b) an interest in dividends or other rights arising out of such stocks, shares or loan capital.

3. FEDERAL REPUBLIC OF GERMANY

The following summary of the tax implications of an investment in the Securities is based upon the applicable provisions of German tax law, and their interpretation by fiscal authorities and fiscal courts, as at the date of this Base Prospectus. **The tax implications might change as a result of amendments to such applicable law, its interpretation or, as the case may be, of the administrative practices of fiscal authorities – under certain circumstances even with retro-active effect.**

This summary reflects the view held by the Issuer with respect to the tax implications of an investment in the Securities. However, it is not a guarantee regarding the tax treatment of the Securities or the legal consequences of their acquisition, sale or redemption. Further, this summary is not adequate to serve as the sole basis for an estimation of the tax implications of an investment in the Securities since in any case the investor's individual circumstances must be taken into account. As a consequence thereof, this summary is limited to a general overview on certain implications of income tax in Germany. **Investors are strongly advised to consult their personal tax adviser about the tax implications of an investment in the Securities.**

3.1 Taxation of income from the Securities held as private assets

For investors subject to unlimited tax liability in Germany (i.e. persons whose residence or habitual abode is located in Germany) holding the Securities as private assets and not as part of income from leasing and letting, capital gains from the sale or redemption of the Securities should qualify – irrespective of any holding period – as investment income (*Einkünfte aus Kapitalvermögen*) pursuant

to Sec. 20 para. 2 German Income Tax Act and will be taxed at the flat rate of 25% (plus 5.5% solidarity surcharge thereon and church tax, if applicable). If the Securities are redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated as a disposal.

For each calendar year, there is a saver's tax-exempt allowance of EUR 801 for individual taxpayers and EUR 1,602 for married couples filing jointly, which is treated as a deductible expense. The actual expenses related to income from capital investments may not be deducted.

The taxable capital gain, or allowable loss, realised upon the sale or redemption of the Securities is generally calculated on the basis of the proceeds of sale or redemption minus both the acquisition costs and the costs directly relating to the sale or redemption.

The income tax on investment income is, in principle, levied by way of a withholding tax deduction, with such withholding tax basically having a discharging effect (for that reason, the term “*Abgeltungssteuer*” (discharging flat rate tax) is used). For the deduction of withholding tax the following rules apply:

If the Securities have been kept in a securities deposit account at a domestic (i.e. German) credit or financial services institution, at a domestic (i.e. German) branch of a foreign credit or financial services institution or at a domestic (i.e. German) securities trading company or a domestic (i.e. German) securities trading bank (each referred to as a “**Domestic Disbursing Agent**”) since their acquisition, the Domestic Disbursing Agent will levy a withholding tax at a rate of 25% (plus a 5.5% solidarity surcharge thereon and church tax, if applicable) on the gains realised upon the sale or redemption which will be calculated according to the principles as described above.

If the Securities have not been held by the same Domestic Disbursing Agent since their acquisition, the Domestic Disbursing Agent will, upon their sale or redemption, levy a withholding tax of 25% (plus a 5.5% solidarity surcharge thereon and church tax, if applicable) on 30% of the proceeds from the sale or redemption unless (i) it was notified of the actual acquisition costs for the Securities by the previous Domestic Disbursing Agent, or (ii) where the previous body is a credit or a financial services institution resident in either another member state of the European Union, in another EEA Treaty state, or in another treaty state pursuant to Art. 17 para. 2 no. i of the EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income, or a branch of a domestic (i.e. German) credit or financial services institution located in these territories, and the taxpayer – certified by such foreign institution or foreign branch – proves the actual acquisition costs for the Securities. In all other cases, the actual acquisition costs are not taken into account.

Even though the deduction of withholding tax has a discharging effect for investors who hold the Securities as private assets as described above, provided that the income from the Securities is not part of income from leasing and letting, the investor can, in some cases, apply (in connection with his tax declaration) for a tax assessment of the investment income which has been subject to withholding tax, especially in cases where the saver's tax-exempt allowance has not been completely taken into

account or where a withholding tax on 30% of the proceeds from the sale or redemption of the Securities was levied.

Furthermore, an investor whose personal income tax rate is lower than the flat-rate tax rate can apply for an income tax assessment according to the general rules. However, in such cases the expenses actually incurred in connection with the receipt of that income cannot be deducted either.

If the Securities are kept at a foreign (i.e. non-German) credit or financial services institution, the investor must declare the income from the sale or redemption of the Securities in his income tax return, since in this case no German withholding tax is withheld.

If the flat-rate tax applies, losses realised upon sale or redemption of the Securities can be offset against other income from capital investments only; it is not possible to set-off any such loss against other kinds of income. The Domestic Disbursing Agent will provide for the set-off of losses with current investment income including capital gains from other securities. If, in the absence of sufficient current investment income generated from investments held through the same Domestic Disbursing Agent, a set-off is not possible, the holder of the Securities may – instead of carrying the losses forward into the following year – file an application with the Domestic Disbursing Agent until 15 December of the respective current fiscal year for a certification of losses in order to set-off such losses with investment income generated from investments held through other institutions in the holder's personal income tax return.

However, in case where no payments are made to the investors on the maturity or redemption date (e.g., because of a knock-out) the capital loss will not be recognised by the tax authorities. The same could apply, if the Investor only receives a very small payment on or prior to the maturity or redemption date.

3.2 Taxation of income from the Securities held as business assets by an individual person or being part of income from leasing and letting

If the Securities are held as business assets by an investor who is subject to unlimited tax liability in Germany, or if the respective income therefrom is part of income from leasing and letting, all gains realised upon sale or redemption of the Securities are subject to income tax and must be included in the investor's tax assessment. In such cases, it is not the flat-tax rate of 25% (plus a 5.5% solidarity surcharge thereon and church tax if applicable) but the investor's personal tax rate which applies. If the Securities are held as commercial business assets (*gewerbliches Betriebsvermögen*), the gains realised upon the sale or redemption of the Securities are also subject to trade tax.

Upon a sale or redemption of the Securities, a Domestic Disbursing Agent generally must deduct withholding tax according to the principles as described under paragraph 3.1 above unless the investor declares to the Domestic Disbursing Agent on a prescribed form that the income from the sale or redemption forms part of a trade or business in Germany. The withholding tax deducted, however, constitutes merely an advance payment on the investor's final income tax liability and does not have discharging effect.

Any losses realised upon the sale or redemption of the Securities can, in principle, be offset against other positive income of the investor. However, provided the Securities belong to the commercial business assets, the possibility to offset losses may be limited significantly if the Securities were qualified as forward transactions by the tax authorities.

3.3 Taxation of the Securities held as business assets by a corporation

If the Securities are held as business assets by a corporation subject to unlimited tax liability in Germany, all gains realised upon the sale or redemption thereof will be subject to corporate tax as well as trade tax. Withholding tax will, in principle, not be withheld by the Disbursing Agent upon such gains. The offset of losses realised upon the sale or redemption of the Securities against other positive income except income from derivative transactions of the corporation may be restricted.

3.4 Taxation of the Securities held by a person without unlimited tax liability in Germany

Investors not being subject to unlimited tax liability in Germany are, in principle, not taxable in Germany with respect to the income they realise from the Securities, and withholding tax is generally not levied on such income (even if the Securities are kept in a securities deposit account at a Domestic Disbursing Agent). Exceptions may apply, if for example the Securities are held as business assets of an investor's branch in Germany (a domestic permanent establishment or domestic permanent representative), if the income is to be attributed to other income from German sources (e.g. income from leasing and letting) or if formal requirements are not met.

4. AUSTRIA

Investors should be aware that this overview cannot be used as a substitute for individual tax advice and is not intended to be definitive. There can be no guarantee that the Austrian tax authorities will adopt the same interpretation of the matters set out below as the Issuer and due to changes in the settled practice of Austrian tax authorities or Austrian case law, the tax treatment may, even retroactively, vary and lead to different results than those set out herein. There is no specific Austrian case law or other binding legal guideline available on the tax treatment of the Securities.

4.1 General

With the Austrian Budget Accompanying Act 2011 (*Budgetbegleitgesetz 2011*, "**BBG 2011**") as amended by the Austrian Tax Amendment Act 2011 (*Abgabenänderungsgesetz 2011*, "**AbgÄG 2011**"), the Austrian Budget Accompanying Act 2012 (*Budgetbegleitgesetz 2012*, "**BBG 2012**") and the Austrian Tax Amendment Act 2012 (*Abgabenänderungsgesetz 2012*, "**AbgÄG 2012**") a new taxation regime was introduced by the Austrian legislator which realigns the taxation of financial instruments. Such new tax regime applies to Securities acquired after 31 March 2012.

Pursuant to the newly worded § 27 of the Austrian Income Tax Act (*Einkommensteuergesetz*, “**EStG**”) investment income comprises the following types of income:

- (a) income from the making available of capital pursuant to § 27(2) EStG, including interest on bonds;
- (b) income from realized increases in value pursuant to § 27(3) EStG, including capital gains from the sale, redemption and other realization of assets that lead to income from the making available of capital, accrued interest as well as the balance between the redemption price and the issue price in case of zero coupon bonds; and
- (c) income from derivatives pursuant to § 27(4) EStG, including cash settlements, option premiums received and income from the sale or other realization of forward contracts like options, futures and swaps and other derivatives such as index certificates.

The taxable capital gain under the new rules is generally defined as the difference between the sales price or redemption amount and the acquisition price, in each case including accrued interest.

Unless the Securities are held as business assets, ancillary acquisition expenses cannot be taken into account upon determining the tax basis. In addition, the withdrawals of the Securities from a bank deposit as well as circumstances leading to Austria losing its right of taxation regarding the Securities vis-à-vis other countries, e.g. a relocation from Austria, are in general deemed to constitute a sale pursuant to § 27(6)(1) EStG which may give rise to the taxation of the difference between the fair market value at the time of withdrawal or, respectively, Austria’s loss of taxation right and the acquisition costs of the Securities.

4.2 Tax treatment of Austrian tax resident investors

Individual investors holding Securities as non-business assets

Pursuant to § 27(4) EStG, cash settlements, option premiums received, capital gains and income from the sale or another form of settlement of forward transactions (*Termingeschäfte*, e.g. options) and other derivative financial instruments (e.g. index certificates) constitute investment income in the form of income from derivatives.

In case of the Securities qualifying as warrants any income resulting from options, e.g. cash settlements on the occasion of the exercise of the option, any premium received or any income resulting from the sale or other form of settlement of the Securities, constitutes investment income in the meaning of § 27(4) EStG.

Other derivative financial instruments in the context of § 27(4) EStG are derivative financial instruments irrespective of whether the underlying consists of financial assets, commodities or other assets. According to the view taken by the BMF (*Bundesministerium für Finanzen*, “**BMF**”) all types of certificates, including turbo certificates and index certificates fall within the category of income from derivatives in the meaning of § 27(4) EStG (BMF, Guidelines on the taxation of investment income (*Erläss zur Besteuerung von Kapitalvermögen*, “**KESt-Erläss**”) as of 7 March 2012, para 1.2.4.13 et seq.). As a result, in case of certificates the difference between the acquisition cost and the sales

price or settlement amount (which depends on the performance of the underlying) constitutes income from derivatives being subject to income tax. Pursuant to the BMF's view securities with an index-orientated yield, however, do not fall into the category of derivatives in the meaning of § 27(4) EStG. Interest or other income from these securities rather constitutes income from the making available of capital pursuant to § 27(2) EStG whereas the difference between the acquisition cost and the sales price or settlement amount at the securities' sale, exercise or termination is treated as income from realized increases in value pursuant to § 27(3) EStG (BMF, KSt-Erlass, para. 1.2.4.10). Depending on the specific structure of an index-linked Turbo Warrant or index-linked Open-End Turbo Warrant issued hereunder, it cannot be ruled out that the Security may be treated as a (leveraged) index or similarly structured product for Austrian tax purposes.

With respect to income from derivatives (§ 27(4) EStG) as well as to income from realized increases in value (§ 27(3) EStG) income tax is levied by way of a 25 per cent withholding tax pursuant to § 27a(1) EStG in case of an Austrian depository or, in its absence, an Austrian paying agent, which has executed the transaction in connection with the depository and is involved in the transaction. However, pursuant to § 27a(2) no. 2 EStG, the special rate of 25 per cent does not apply if the securities are not legally and actually publicly offered. An Austrian depository or paying agent may be Austrian credit institutions, Austrian branches of non-Austrian EU credit institutions or Austrian branches of certain EU resident investment services providers (§ 95(2)(2) EStG in connection with § 97(1) EStG).

For a private individual investor such withholding tax has the effect of final taxation (meaning no additional tax is levied over and above the amount of tax withheld) so that such income does not have to be included in the investor's individual income tax return (except in case of an exercise of the option for taxation at regular income tax rates or the option for setting-off losses). In the absence of an Austrian depository or paying agent, the income has to be included in the income tax return to be filed with the competent tax authority (with certain exceptions if the Securities are held with a Swiss credit institution and the investor has opted for withholding by the Swiss credit institution) and is subject to income tax at the special rate of 25 per cent. A deduction of expenses that are directly economically connected to the investment income which is subject to flat and final withholding tax or to the special income tax rate of 25 per cent pursuant to § 27a(1) EStG, is not available (§ 20(2) EStG). The investor may file an income tax return and apply for assessment of his or her income tax liability based on his or her income tax return (§ 27a(5) EStG) in particular if the investor's applicable income tax rate is below 25 per cent. In this case the entire investment income of the investor will be taxed at his or her individual progressive income tax rate; any tax withheld will be credited against the amount of Austrian income tax and any excess amount will be repaid. Subject to certain restrictions a set-off (but no carry forward) of losses is available among income from investment (but not with any other types of the investor's income). For such loss offset generally the investor must opt for assessment to income tax (option for setting-off of losses; §97(2) EStG in connection with § 27(8) EStG). As from January 2013 onwards, in case of an Austrian depository, the setting-off of losses has to be effected by the depository for all deposits of the taxpayer held with that Austrian depository (§ 93(6) EStG). In order to achieve an offset of losses for deposits held with different financial institutions, the investor

has to exercise the option for the offsetting of losses in the course of filing the annual income tax return.

Individual investors holding Securities as business assets

Investment income, including income from derivatives in the meaning of § 27(4) EStG as well as income from realized increases in value (§ 27(3) EStG), constitutes business income of the investor if the security is held as a business asset. In case of the Securities qualifying as warrants, any income from a cash settlement from the option's exercise under the Securities will be part of the investor's taxable business income and generally subject to 25 per cent Austrian income tax.

The Securities may qualify as index or similarly structured products depending on the specific structure of the Security. Income from index or similarly structured products which falls within the scope of income from derivatives in the meaning of § 27(4) EStG is in general subject to 25 per cent Austrian income tax. The same applies to income from realized increases in value in the meaning of § 27(3) EStG.

If Securities are held by an individual, income from investment is subject to income tax at the special rate of 25 per cent provided that the Securities securitize a receivable and that they are legally and actually publicly offered. According to the BMF's view (KESt-Erlass, para. 1.3.3) the special rate of 25 per cent only applies to income from derivatives if both criteria are fulfilled.

The 25 per cent Austrian income tax is levied by way of withholding in case of an Austrian depository or paying agent (§ 27a(6) EStG). However, in case of an individual holding the Securities as business assets, pursuant to § 97(1) EStG the withholding tax on income from derivatives (§ 27(4) EStG) as well as on income from realized increases in value (§ 27(3) EStG) is not final (i.e., the income must be included in the income tax return but will nevertheless be subject to the flat income tax rate of 25 per cent with a credit for any Austrian income tax withheld already at source). If investment income is received via a non-Austrian depository/paying agent, it has to be included in the investor's income tax return and will likewise be subject to 25 per cent Austrian income tax.

A set-off (and a carry forward) of losses is available under certain rules (§ 6(2)(c) EStG). A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to the special income tax rate of 25 per cent pursuant to § 27a(1) EStG, is not available (however, other than in case of a private investor, ancillary acquisition cost may be taken into account when determining the tax basis).

Corporate investors into Securities

A corporation subject to unlimited corporate income tax liability in Austria receiving income from the Securities (qualifying as warrants or index or similarly structured products) will be subject to Austrian corporate income tax at a rate of 25 per cent.

A 25 per cent withholding tax applies if such income is paid via an Austrian depository or paying agent. This withholding tax does not have the effect of final taxation and will be credited against the corporate income tax liability. A corporation may file an exemption declaration pursuant to sec. 94(5)

EStG in order to avoid Austrian withholding tax from being levied. On the level of an Austrian resident corporation the restrictions on the set-off of losses indicated above do not apply. Any losses resulting from investment income can be set-off with any other income earned by the corporation. A carry forward of tax losses to future taxation periods is allowed under general rules.

Risk of a qualification as units in a non-Austrian investment fund

According to Austrian tax authorities, the provisions for non-Austrian investment funds within the meaning of § 188 of the Austrian Investment Fund Act (*Investmentfondsgesetz*, "InvFG") may equally apply if the repayment of the invested amount exclusively depends on the performance of certain securities (index) and either the issuer, a trustee or a direct or indirect subsidiary of the issuer actually acquires the majority of the securities comprised by the index for the purposes of issuing the securities or the assets comprised by the index are actively managed. However, directly held securities where the performance of the securities depend on an index, irrespective of whether the index is a recognized index, an individually composed index with fixed components or an index subject to modification at any time, are not treated as units in a non-Austrian investment fund (BMF, Investment Fund Guidelines 2008 (*Investmentfondsrichtlinien 2008*) para 267). The risk of the qualification of a Security as unit in a non-Austrian investment fund must be assessed on a case-by-case basis.

4.3 Tax treatment of non-Austrian tax resident investors

Austrian income tax liability

Pursuant to § 98(1)(5) EStG, income from derivatives (§ 27(4) EStG) as well as income from realized increases in value (§ 27(3) EStG) (that is not attributable to an Austrian permanent establishment) received by an investor who is not resident for tax purposes in Austria is basically not subject to Austrian income tax, or, in case of a corporation that is not resident for tax purposes in Austria, Austrian corporate income tax. If such income is paid by an Austrian depository or paying agent, 25 per cent withholding tax is generally triggered. § 94(13) EStG provides for an exemption from withholding tax with respect to income that is not subject to (limited) income tax in Austria pursuant to § 98(1)(5) EStG. For this withholding tax exemption to apply the following documentation requirements will have to be considered:

A non-Austrian resident individual investor has to prove his or her non-resident status for tax purposes to the Austrian depository or paying agent by presenting an official identification card and providing his or her address. In addition, Austrian citizens or citizens of an Austrian neighboring state have to provide a written declaration that they neither have a domicile nor their habitual place of abode in Austria. Further, the Securities must be deposited with an Austrian bank (BMF, KEST-Erlass, para. 2.5.5.4.1 et seq.).

If the investor is not an individual, the depository or paying agent is discharged from its withholding obligation if the investor proves his or her non-resident status through presentation of an identification card of an individual acting on behalf of the corporation, the security is deposited with an Austrian credit institution and written evidence is provided by a declaration of the non-Austrian corporation and

the individual acting on behalf the corporation that the non-Austrian corporation is the beneficial owner of the securities (BMF, Corporate Income Tax Guidelines 2001 (*Körperschaftsteuerrichtlinien 2001*) para 1463 et seq and KSt-Erlass, para 2.5.5.6.1).

Austrian EU Source Tax liability

Directive 2003/48/EC of 3 June 2003 was implemented into Austrian domestic law by the enactment of the Austrian EU Source Tax Act (*EU-Quellensteuergesetz*, “**EU-QuStG**”). Accordingly, income qualifying as interest under the EU-QuStG and paid by an Austrian coupon-paying agent to an individual beneficial owner resident in another EU member state may be subject to EU source tax at a rate of currently 35 per cent. Whether income under the Securities is subject to EU source tax must be determined on a case-by-case basis. An exemption from EU source tax is available if the beneficial owner provides the Austrian coupon-paying agent with a certificate issued by the competent local tax office of his or her EU Member State of residency for tax purposes containing certain personal details as well as details relating to the paying agent and the account or in its absence the securities’ code. The certificate shall be valid for a limited period of three years following its issuance.

5. FINLAND

There is no Finnish withholding tax (*lähdevero*) applicable on payments made by the Issuer in respect of the Securities. However, Finland operates a system of preliminary taxation (*ennakonpidätysjärjestelmä*) to secure payment of taxes in certain circumstances. A tax of 30 per cent will generally be deducted and withheld from all payments that are regarded as interest or as compensation comparable to interest for Finnish tax purposes, where such payments are made by a Finnish paying agent to individuals. Such preliminary tax will be used for the payment of the individual's final taxes (which means they are credited against the individual’s final tax liability).

Although there are no specific tax laws addressing the tax treatment of warrants in Finland, payments made by a Finnish paying agent in respect of warrants have in current tax practice not been regarded as interest or as compensation comparable to interest and have, accordingly, not been subject to any preliminary taxation (*ennakonpidätys*).

6. SWEDEN

6.1 General

There is no Swedish withholding tax (*kupongskatt*) applicable on payments made by the Issuer in respect of the Securities. However, a legal entity effecting a payment that qualifies as interest to a Swedish resident individual will be required to withhold Swedish preliminary tax (*preliminärskatt*) at a rate of 30 per cent provided that the entity is subject to Swedish reporting obligations. There are no specific Swedish tax rules defining interest. However, it is generally held that where the terms and conditions of an instrument provide for payments to be made under predetermined circumstances established by the terms and conditions, based on a predetermined increase in value or consideration, such payment should be considered interest.

There is no Swedish stamp duty on the issuing or transfer of Securities in Sweden.

6.2 Sale or exercise of Securities

Individuals who sell their Securities or receive a Cash Amount upon exercise of their Securities are subject to capital gains tax at a rate of 30 per cent. For limited liability companies, such income is generally taxable as income from business operations at a flat rate of 22 per cent (the tax rate is 26.3 per cent for fiscal years commencing prior to 1 January 2013).

A capital gain or loss is calculated as the difference between the sales proceeds, after deduction of sales costs, and the Securities' acquisition cost for tax purposes. On exercise of Securities, the capital gain or loss is calculated to equal the difference between the Securities' acquisition cost and the Cash Amount. If a Security lapses without exercise, it is deemed sold for no cost, incurring a loss equal to the acquisition cost.

The acquisition cost is determined according to the "average method". This means that the costs of acquiring all Securities of the same type and class as the sold Securities are added and the average acquisition cost is calculated in the case of changes in the holding of a Securityholder.

Gains or losses on currency exchange rate fluctuations may arise in relation to Securities where the sales proceeds or the Cash Amount are in a foreign currency. For legal entities, interest income and currency exchange fluctuations are normally taxable, or deductible, as the case may be, on an accrual basis.

Special rules apply in respect of deduction of capital losses.

7. 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). The withholding tax rate was increased to 35% from 1 July 2011. In the case of Luxembourg, no withholding tax will be due if the beneficial owner consents to the exchange of information or submits a certificate of residence.

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.

SELLING RESTRICTIONS

The statements which follow are of a general nature. Potential investors 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 Clearing Agent 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 other than the approval of the Base Prospectus by the BaFin and a notification to the countries set forth in the Final Terms under "Public offer". 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 other than the approval and notification(s) mentioned above.

2. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Securities may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), be offered to the public in that Relevant Member State only if the following conditions as well as any additional provisions applicable in a Relevant Member State are complied with:

- (a) the offer of the Securities to the public starts or occurs within a period of 12 months beginning on the date after the approval of this Base Prospectus by the BaFin and, if the Securities are offered to the public in any Relevant Member State other than Germany, this Base Prospectus as well as any Supplements have been notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive; or
- (b) the Securities are offered 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
- (c) the Securities are offered to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (d) the Securities are offered in any other circumstances fulfilling any of the exemptions set forth in Article 3(2) of the Prospectus Directive,

provided that no 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 a supplement to this Base 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, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended by 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. UNITED STATES OF AMERICA

The Securities have not been and will not be registered under the Securities Act of 1933 (as amended) (the “**Securities Act**”) and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922.

The Securities may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Securities. Offers, sales, trading or deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the Securities will be conditional upon certification as to non-U.S. beneficial ownership. Terms used in this paragraph have the meanings given to them in Regulation S under the Securities Act.

The Issuer will not offer, sell or deliver the Securities at any time within the United States or to, or for the account or benefit of, any U.S. person, and it will require all those dealers participating in the distribution of the Securities not to offer, sell, deliver or trade at any time, directly or indirectly, any Securities in the United States or to, for the account or benefit of, any U.S. person. In addition, the Issuer will send to each dealer to which it sells Securities at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons. As used in this and the above paragraph, “**United States**” means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and “**U.S. person**” means:

- (a) any person who is a U.S. person as defined in Regulation S under the Securities Act;
- (b) any person or entity other than one of the following:
 - (i) a natural person who is not a resident of the United States;

- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
- (iii) an estate or trust, the income of which is not subject to United States income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool, an investment company or similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

4. 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**”)) 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 that 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.

GENERAL INFORMATION

Authorisation

The establishment of the Base Prospectus and the issue of the Securities has been duly authorised by (a) resolution of the Issuer's board of directors dated 15 December 2009 and (b) resolutions of the Group Asset and Liability Management Committee dated 23 February 2012 and a sub-committee of the Group Asset and Liability Management Committee dated 24 May 2013.

Admission to trading

Whether or not a series of Securities will be admitted to trading on one or more stock exchange(s) or unofficial market(s), e.g. the *Freiverkehr* of a German stock exchange, or not at all, and whether to the knowledge of the Issuer, securities of the same class of the Securities to be offered or admitted to trading are already admitted to trading on a regulated market or equivalent market will be set forth in the Final Terms.

Consent to use the Base Prospectus

The Issuer consents to the use of the Base Prospectus and any supplements together with the Final Terms for subsequent resale or final placement of the Securities by all financial intermediaries (general consent) as long as the Base Prospectus as well as the Final Terms are valid in accordance with Section 9 WpPG.

The Issuer accepts responsibility for the content of the Base Prospectus, any supplements as well as the Final Terms also with respect to subsequent resale or final placement of the Securities by any financial intermediary which was given consent to use the Base Prospectus, any supplements as well as the Final Terms.

The subsequent resale or final placement of the Securities by financial intermediaries can be made as long as the Base Prospectus and the Final Terms are valid in accordance with Section 9 WpPG.

Financial intermediaries may use the Base Prospectus and any supplements together with the Final Terms for subsequent resale or final placement of the Securities in the Federal Republic of Germany and in the Member States to which the Base Prospectus and any supplements were notified and to which the Final Terms were communicated.

The consent to the use of the Base Prospectus and any supplements as well as the Final Terms is subject to the conditions that (a) the Securities shall be publicly offered by a financial intermediary in line with the applicable selling restrictions and (b) the consent to the use of the Base Prospectus and any supplements as well as the Final Terms has not been revoked by the Issuer.

In case of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Any financial intermediary using the Base Prospectus, any supplements as well as the Final Terms has to state on its website that it uses the Base Prospectus, any supplements as well as the Final Terms in accordance with the consent and the conditions attached thereto.

Information about the Offer and the Securities

Certain information in relation to the Securities which is set out in this Base Prospectus as options or placeholders, as the case may be, will be stated in the Final Terms. The applicable options will be determined in the Final Terms and the applicable placeholders will be completed in the Final Terms.

The Final Terms specify the details in relation to the offer of the Securities, particularly with regard to:

- (a) how certain documents will be made available by the Issuer;
- (b) the amount, the series (if any), the securities identification codes, and the issue price;
- (c) the offer of the Securities; and
- (d) the details of where information on the Underlying can be obtained and information sourced from a third party (if any).

Conflicts of interest

Save for the Issuer, no person involved in the issue or offer of the Securities has a material interest in the issue or the offer.

Conflicts of interests may arise in the case that the Issuer as such or acting as calculation agent makes adjustments to the Conditions following certain events and/or actions. In making such adjustments the Issuer can exercise substantial discretion and may therefore be subject to conflicts of interest.

The Issuer may have influence on the calculation, composition and/or adjustment of the Underlying which could also lead to conflicts of interest.

Furthermore, the Issuer may for various reasons carry out advisory services, effect own or third party account transactions, or enter into certain (hedging) transactions and hold long or short positions in the Underlying. Such activities may be subject to conflicts of interest.

Additional conflicts of interest material to the issue or offer of the Securities may be set forth in the Final Terms.

Notices with regard to the Securities

All notices under the General Conditions and/or the Product Conditions shall either (a) be published on the Issuer's website (or any successor website) and shall become effective upon such publication, or (b) be delivered to the Clearing Agent and shall become effective upon such delivery, unless the

relevant notice provides a different date for the effectiveness. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

Clearing Agents

The Securities may be accepted for clearance through Clearstream Banking AG, Frankfurt (“**CBF**”), Clearstream Banking, société anonyme, Luxembourg (“**CBL**”) and Euroclear Bank S.A./N.V. as operator of the Euroclear system (“**Euroclear**”) and/or any other or further Clearing Agent(s) as specified in the Final Terms. If applicable, the relevant Securities Identification Code (WKN), the International Securities Identification Number (ISIN) as well as the Common Code allocated to the individual series of Securities as well as any other relevant securities identification code allocated to any series of Securities by any Clearing Agent will be specified in the Final Terms. If the Securities are to be cleared through an additional or alternative Clearing Agent, the required additional or alternative information will be specified in the Final Terms. Transactions will normally be settled not earlier than three days after the date of the transaction.

The addresses of CBF, CBL and Euroclear are as set forth below:

- Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, 65760 Eschborn, Germany;
- Clearstream Banking, société anonyme, Luxembourg, 42 avenue J.F. Kennedy, L1855 Luxembourg; and
- Euroclear Bank S.A./N.V., 1 boulevard du Roi Albert II, B-1210 Brussels, Belgium.

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection “Assets, owners’ equity and capital ratios” on page 25;
 - (ii) the subsection “Large exposure regime” on page 26;
 - (iii) the subsection “No Significant Change and No Material Adverse Change” under the section “General Information” on page 59; and
 - (iv) items (a) to (f) in the section “Documents Incorporated by Reference” on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed “Financial Review – Risk Factors” on page 7 and “Additional Information – Risk Factors” on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the “RNS”) on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed “Financial Review – Risk Factors” on page 6 and “Additional Information – Risk Factors” on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor’s report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;

- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on page 2 to 3;
- (xi) Chairman's statement on page 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293;
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS 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;
6. the unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published via the RNS on 3 May 2013; and
 7. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013.

The documents referred to above in 1. to 7. were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will

be available free of charge upon request from 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.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

GENERAL DESCRIPTION OF THE SECURITIES

The Securities are investment instruments which track the performance of the Underlying and which grant the rights to the Securityholder as set forth in the General Conditions and in the Product Conditions.

The Securities, except in the case of Securities issued in dematerialised form, are bearer securities pursuant to Section 793 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*) which are represented by the Global Security deposited with the Clearing Agent and will be freely transferable only in accordance with the laws, rules and procedures applicable to the Clearing Agent through whose systems the Securities are transferred.

Certain Securities, where required by the Applicable Rules, are issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to such Securities will pass by free transfer between accountholders at the Clearing Agent perfected in accordance with the Applicable Rules.

Turbo Warrants Call, Turbo Warrants Put, Open End Turbo Warrants Call and Open End Turbo Warrants Put may be issued under the Base Prospectus. They are described generally hereafter. A more specific description can be found in the Product Conditions.

TURBO WARRANTS CALL

Turbo Warrants have a fixed maturity and will be automatically exercised on the Exercise Date, provided that neither a Knock-out Event nor any other early termination event has occurred. Furthermore, where the Underlying is an index, the Securities will terminate automatically in case of an Index Early Termination Event, if specified in the Final Terms. Following an automatic exercise as well as in case of an Index Early Termination Event, if any, the Securityholder will receive the Cash Amount, if any, on the Maturity Date. The “**Cash Amount**” for Turbo Warrants *Call* will be determined in accordance with the following formula, less expenses (if any):

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

Thus, the Cash Amount, if any, to be paid for Turbo Warrants *Call* is linked to the difference between the Final Reference Price and the Strike. A Cash Amount may be paid only if the difference is positive, i.e. if the Final Reference Price is higher than the Strike.

If during the term of the Securities a Knock-out Event occurs, the Securities will terminate automatically and the Securityholder will receive the Knock-out Amount.

TURBO WARRANTS PUT

Turbo Warrants have a fixed maturity and will be automatically exercised on the Exercise Date, provided that neither a Knock-out Event nor any other early termination event has occurred.

Furthermore, where the Underlying is an index, the Securities will terminate automatically in case of an Index Early Termination Event, if specified in the Final Terms. Following an automatic exercise as well as in case of an Index Early Termination Event, if any, the Securityholder will receive the Cash Amount, if any, on the Maturity Date. The “**Cash Amount**” for Turbo Warrants *Put* will be determined in accordance with the following formula, less expenses (if any):

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

Thus, the Cash Amount, if any, to be paid for Turbo Warrants *Put* is linked to the difference between the Strike and the Final Reference Price. A Cash Amount may be paid only if the difference is positive, i.e. if the Final Reference Price is lower than the Strike.

If during the term of the Securities a Knock-out Event occurs, the Securities will terminate automatically and the Securityholder will receive the Knock-out Amount.

OPEN END TURBO WARRANTS CALL

Open End Turbo Warrants are open ended, i.e. have no fixed maturity. They can be terminated by the Securityholder only upon exercise on the Exercise Date (the “**Exercise**”), provided that neither a Knock-out Event nor any other early termination event has occurred and notwithstanding notice of an Issuer Call. In case of an Exercise, the Securityholder must deliver a duly completed notice prior to the exercise time on the Exercise Date. Furthermore, the Open End Turbo Warrants can be terminated in whole (but not in part) by the Issuer at any time after the Issuer Call Commencement Date (the “**Issuer Call**”), subject to a valid Exercise, the occurrence of a Knock-out Event or other early termination events. In addition, where the Underlying is an index, the Securities will terminate automatically in case of an Index Early Termination Event, if specified in the Final Terms. Following any such termination, the Securityholder will receive the Cash Amount, if any, on the Maturity Date. The “**Cash Amount**” for Open End Turbo Warrants *Call* will be determined in accordance with the following formula, less expenses (if any):

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

Thus, the Cash Amount, if any, to be paid for Open End Turbo Warrants *Call* is linked to the difference between the Final Reference Price and the Strike. A Cash Amount may be paid only if the difference is positive, i.e. if the Final Reference Price is higher than the Strike.

If during the term of the Securities a Knock-out Event occurs, the Securities will terminate automatically and the Securityholder will receive the Knock-out Amount.

OPEN END TURBO WARRANTS PUT

Open End Turbo Warrants are open ended, i.e. have no fixed maturity. They can be terminated by the Securityholder only upon exercise on the Exercise Date (the “**Exercise**”), provided that neither a Knock-out Event nor any other early termination event has occurred and notwithstanding notice of an Issuer Call. In case of an Exercise, the Securityholder must deliver a duly completed notice prior to the exercise time on the Exercise Date. Furthermore, the Open End Turbo Warrants can be

terminated in whole (but not in part) by the Issuer at any time after the Issuer Call Commencement Date (the "**Issuer Call**"), subject to a valid Exercise, the occurrence of a Knock-out Event or other early termination events. In addition, where the Underlying is an index, the Securities will terminate automatically in case of an Index Early Termination Event, if specified in the Final Terms. Following any such termination, the Securityholder will receive the Cash Amount, if any, on the Maturity Date. The "**Cash Amount**" for Open End Turbo Warrants *Put* will be determined in accordance with the following formula, less expenses (if any):

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

Thus, the Cash Amount, if any, to be paid for Open End Turbo Warrants *Put* is linked to the difference between the Strike and the Final Reference Price. A Cash Amount may be paid only if the difference is positive, i.e. if the Final Reference Price is lower than the Strike.

If during the term of the Securities a Knock-out Event occurs, the Securities will terminate automatically and the Securityholder will receive the Knock-out Amount.

GENERAL CONDITIONS

⁸⁷*[The General Conditions which follow relate to the Securities specified in the Product Conditions and must be read in conjunction with the Product Conditions relating to such Securities. The General Conditions and the Product Conditions together constitute the Conditions of the Securities and will be attached to the 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. References to the Conditions shall mean these General Conditions and the Product Conditions applicable to the respective Securities.

2. FORM AND STATUS

- (a) Form. The Securities are bearer securities which are represented by a global bearer security (the “**Global Security**”) deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred. No definitive securities will be issued.
- (b) “**Securityholder**” means the holder of a unit in the Global Security.
- (c) 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. NOTICES

All notices under the Conditions shall be [published on the Issuer's website • (or any successor website) and shall become effective upon such publication] [delivered to the Clearing Agent and shall become effective upon such delivery], unless the relevant notice provides a different date for the effectiveness. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

4. PURCHASES AND FURTHER ISSUES BY THE ISSUER

- (a) Purchases. The Issuer, any affiliate of the Issuer or any third party may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, cancelled or reissued or resold.

⁸⁷ In case of Securities represented by a Global Security.

- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Securityholders or any of them to create and issue further securities on the same terms (except for their respective issue date or issue price) so as to be consolidated with and form a single series with the Securities.

5. MODIFICATIONS

- (a) In the event of manifest typing or calculation errors or similar manifest errors in the Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Securityholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with General Condition 3.
- (b) The Issuer may combine the declaration of rescission pursuant to General Condition 5(a) with an offer to continue the Securities on the basis of corrected Conditions (the “**Offer**”). The Offer and the corrected terms shall be notified to the Securityholders together with the declaration of rescission in accordance with General Condition 3. The Offer shall be deemed to be accepted by a Securityholder (and the rescission will not take effect), provided that the Securityholder does not submit within four weeks following the date on which the Offer has become effective in accordance with General Condition 3 a claim to the Principal Paying Agent for the repayment of the issue price of the Securities. The Issuer will inform the Securityholders about this effect in the notice.
- (c) Contradictory or incomplete provisions in the Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*). The Issuer shall only be entitled to make such corrections or amendments pursuant to this General Condition 5(c) which are reasonably acceptable to the Securityholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the Securityholders. Notice of any such correction or amendment will be given to the Securityholders in accordance with General Condition 3.

6. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time without the consent of the Securityholders 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 any entity (the “**Substitute**”), subject to
 - either (x)
 - (A) the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and

- (B) the Issuer 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 Securityholders;

or (y)

- (A) the Issuer having given at least three months' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
- (B) each Securityholder, as of (and including) the date of such notice until (and including) the date of such substitution, being entitled to terminate the Securities held by such Securityholder without any notice period in which event the Issuer will, if and to the extent permitted by the applicable law, pay to such Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination. Payment will be made to the Securityholder in such manner as shall be notified to the Securityholders in accordance with General Condition 3;

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 Securityholders in accordance with General Condition 3 to change the office through which it is acting and shall specify the date of such change in such notice.

7. 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. 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 Securityholder 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 Securityholder. The Issuer shall have the right, 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.

8. AGENTS

- (a) Principal Paying Agent and Paying Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any paying agent (the “**Paying Agent**”) and to appoint further or additional Paying Agents, provided that no termination of appointment of the principal paying agent (the “**Principal Paying Agent**”) shall become effective until a replacement Principal Paying 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 a Paying Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Paying Agent will be given to Securityholders in accordance with General Condition 3. Each Paying 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 Securityholders or any of them.
- (b) Calculation Agent. 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 Securityholders in accordance with General Condition 3.

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 Securityholders.

9. LIABILITY

With respect to the execution or omission of measures of any kind in relation to the Securities, the Issuer, the Calculation Agent and any Paying Agent shall only be liable in case of culpably breaching material duties that arise under or in connection with the Conditions or in case of a wilful or gross negligent breach of other duties.]

⁸⁸***[The General Conditions which follow relate to the Securities specified in the Product Conditions and must be read in conjunction with the Product Conditions relating to such Securities. The General Conditions and the Product Conditions together constitute the Conditions of 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. References to the Conditions shall mean these General Conditions and the Product Conditions applicable to the respective Securities.

2. FORM AND STATUS

- (a) Form. The Securities are issued in dematerialised form and are registered in the book-entry system of the Clearing Agent.

[Title to the Securities will pass by transfer from a Securityholder's book-entry account to another book-entry account at the Clearing Agent (except where the Securities are nominee-registered and are transferred from one account to another account with the same nominee) perfected in accordance with the legislation (including the Finnish Act on the Book-Entry System 826/1991 and the Finnish Act on the Book-Entry Accounts 827/1991, as amended, respectively), rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").]⁸⁹

[Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation (including the Swedish Financial Instruments Accounts Act SFS 1998:1479), rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").]⁹⁰

[•]⁹¹

The Issuer shall be entitled to obtain from the Clearing Agent extracts from the book-entry register of the Clearing Agent relating to the Securities.

- (b) "**Securityholder**" means a person in whose name a Security is registered in a book-entry account in the book-entry system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Applicable Rules and accordingly, where Securities are held through a registered nominee, the nominee shall be deemed to be the Securityholder.

⁸⁸ In case of Securities issued in dematerialised form.

⁸⁹ In case of dematerialised Securities cleared through Euroclear Finland Ltd.

⁹⁰ In case of dematerialised Securities cleared through Euroclear Sweden AB.

⁹¹ In case of dematerialised Securities cleared through a Clearing Agent other than Euroclear Finland Ltd or Euroclear Sweden AB.

- (c) 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. NOTICES

All notices under the Conditions shall be [published on the Issuer's website • (or any successor website) and shall become effective upon such publication] [delivered to the Clearing Agent and shall become effective upon such delivery], unless the relevant notice provides a different date for the effectiveness. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

4. PURCHASES AND FURTHER ISSUES BY THE ISSUER

- (a) Purchases. The Issuer, any affiliate of the Issuer or any third party may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, cancelled or reissued or resold.
- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Securityholders or any of them to create and issue further securities on the same terms (except for their respective issue date or issue price) so as to be consolidated with and form a single series with the Securities.

5. MODIFICATIONS

- (a) In the event of manifest typing or calculation errors or similar manifest errors in the Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Securityholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with General Condition 3.
- (b) The Issuer may combine the declaration of rescission pursuant to General Condition 5(a) with an offer to continue the Securities on the basis of corrected Conditions (the "Offer"). The Offer and the corrected terms shall be notified to the Securityholders together with the declaration of rescission in accordance with General Condition 3. The Offer shall be deemed to be accepted by a Securityholder (and the rescission will not take effect), provided that the Securityholder does not submit within four weeks following the date on which the Offer has become effective in accordance with General Condition 3 a claim to the Principal Paying Agent for the repayment of the issue price of the Securities. The Issuer will inform the Securityholders about this effect in the notice.
- (c) Contradictory or incomplete provisions in the Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*). The Issuer shall only be entitled to make such corrections or amendments pursuant to this General Condition 5(c) which are reasonably acceptable to the Securityholders having

regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the Securityholders. Notice of any such correction or amendment will be given to the Securityholders in accordance with General Condition 3.

6. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time without the consent of the Securityholders 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 any entity (the "**Substitute**"), subject to

either (x)

- (A) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
- (B) the Issuer 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 Securityholders;

or (y)

- (A) the Issuer having given at least three months' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
- (B) each Securityholder, as of (and including) the date of such notice until (and including) the date of such substitution, being entitled to terminate the Securities held by such Securityholder without any notice period in which event the Issuer will, if and to the extent permitted by the applicable law, pay to such Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination. Payment will be made to the Securityholder in such manner as shall be notified to the Securityholders in accordance with General Condition 3;

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 addition, any substitution of the Issuer in accordance with this General Condition 8(a) shall comply with the requirements of the Clearing Agent and, in particular, any Substitute shall be acceptable to the Clearing Agent.

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 Securityholders in accordance with General Condition 3 to change the office through which it is acting and shall specify the date of such change in such notice.

7. 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. 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 Securityholder 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 Securityholder. The Issuer shall have the right, 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.

8. AGENTS

- (a) Principal Paying Agent and [Paying Agents] [Issuing and Paying Agent]. The Issuer reserves the right at any time to vary or terminate the appointment of any [paying agent] [issuing and paying agent] (the “[**Paying Agent**] [**Issuing and Paying Agent**]”) and to appoint further or additional [Paying Agents] [Issuing and Paying Agent], provided that no termination of appointment of the principal paying agent (the “[**Principal Paying Agent**]”) shall become effective until a replacement Principal Paying 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 a [Paying Agent] [Issuing and Paying Agent] having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any [Paying Agent] [Issuing and Paying Agent] will be given to Securityholders in accordance with General Condition 3. Each [Paying Agent] [Issuing and Paying 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 Securityholders or any of them.
- (b) Calculation Agent. 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 Securityholders in accordance with General Condition 3.

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 Securityholders.

9. LIABILITY

With respect to the execution or omission of measures of any kind in relation to the Securities, the Issuer, the Calculation Agent and any [Paying Agent] [Issuing and Paying Agent] shall only be liable in case of culpably breaching material duties that arise under or in connection with the Conditions or in case of a wilful or gross negligent breach of other duties.]

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]⁹².

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●⁹³, subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{94}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{95}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(f);

“**Clearing Agent**” means ●⁹⁶;

“**Commodity**” means ●, subject to an adjustment in accordance with Product Condition 4;

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

“**Exchange**” means ● or any successor to such exchange or quotation system;

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or Knock-out Termination Date] by reference to [●]⁹⁷ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange

⁹² In case of Securities represented by a Global Security.

⁹³ Insert name and address.

⁹⁴ In case of Turbo Warrants Call.

⁹⁵ In case of Turbo Warrants Put.

⁹⁶ Insert name and address.

⁹⁷ Insert relevant page.

rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]⁹⁸;

“**Exercise Date**” means •⁹⁹;

“**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 with respect to such Security;

“**Final Reference Price**” means, subject to Product Conditions 3 and 4, the Reference Price [at or about the Valuation Time] on the Valuation Date;

[“**Global Security**” has the meaning given in General Condition 2;]¹⁰⁰

“**Issue Date**” means •;

“**Issuer**” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

[“**Issuing and Paying Agent**” means •¹⁰¹ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**Knock-out Amount**” means [EUR 0.001] [•]¹⁰²;

“**Knock-out Barrier**” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“**Knock-out Event**” occurs if the [bid low]¹⁰³ [ask high]¹⁰⁴ price of the Commodity published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the

⁹⁸ In case of Quanto Securities.

⁹⁹ Specify date.

¹⁰⁰ In case of Securities represented by a Global Security.

¹⁰¹ Insert name and address.

¹⁰² Specify amount.

¹⁰³ In case of Turbo Warrants Call.

¹⁰⁴ In case of Turbo Warrants Put.

Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹⁰⁵ [greater]¹⁰⁶ than or equal to the Knock-out Barrier;

“**Knock-out Termination Date**” means the day on which the Knock-out Event occurs;

“**Market Disruption Event**” means each event specified as a Market Disruption Event in Product Condition 3;

“**Maturity Date**” means (a) in case of an automatic exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of a knock-out in accordance with Product Condition 2(c), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

[“**Multiplier**” means ●, subject to an adjustment in accordance with Product Condition 4;]

“**Observation Period**” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date;

“**Observation Period Start Time**” means ●;

[“**Paying Agent**” means ●¹⁰⁷ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**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 system (TARGET2) is open;

“**Principal Paying Agent**” means ●¹⁰⁸, subject to a replacement pursuant to General Condition 8;

“**Reference Price**” means, with respect to any day (a “**Reference Day**”) and subject to Product Condition 4, an amount equal to the price of the Commodity published on ● (or on a page replacing such page) [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Commodity [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

¹⁰⁵ In case of Turbo Warrants Call.

¹⁰⁶ In case of Turbo Warrants Put.

¹⁰⁷ Insert name and address.

¹⁰⁸ Insert name and address.

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

“Relevant Number of Trading Days” means ●;

“Securities” means [each Series of Commodity [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a **“Security”**. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]¹⁰⁹ [●]¹¹⁰;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means ●;]¹¹¹

“Settlement Currency” means ●;

“Strike” means ●, subject to an adjustment in accordance with Product Condition 4;

“Strike Currency” means ●;

“Trading Day” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“Valuation Date” means the Exercise Date. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“Valuation Time” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

- (a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).

¹⁰⁹ In case of several series.

¹¹⁰ In case of a single series.

¹¹¹ In case of several series.

- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or 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 Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **“Market Disruption Event”** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
 - (ii) 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
 - (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or

- (iv) 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
- (v) De Minimis Trading. The Issuer's 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
- (vi) Trading Limitation. A material limitation imposed on trading in the Commodity or any contract related to the Commodity on the Exchange or any Related Exchange or any principal trading market; or
- (vii) 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 with respect to the Securities.

[Insert in case the Commodity is related to one or more emerging market(s):

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Commodity (the **“Relevant Transactions”**); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“Governmental Authority” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Commodity is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) “**Adjustment Event**” means:
 - (i) 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
 - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
 - (iii) 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 governmental 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 or Knock-out Termination Date, and/or on each of the three Trading Days following the Valuation Date or Knock-out Termination Date, from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Commodity; or
 - (v) 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 with respect to the Securities.
- (c) Each and any of the Calculation Agent's [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Commodity or (B) instruments related to the Commodity used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law

- (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Commodity by another commodity;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES CONTRACTS [QUANTO] TURBO WARRANTS [CALL]
[PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹¹².

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●¹¹³, subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{114}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{115}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(f);

“**Clearing Agent**” means ●¹¹⁶;

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

“**Exchange**” means ● or any successor to such exchange or quotation system;

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or Knock-out Termination Date] by reference to [●¹¹⁷ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange

¹¹² In case of Securities represented by a Global Security.

¹¹³ Insert name and address.

¹¹⁴ In case of Turbo Warrants Call.

¹¹⁵ In case of Turbo Warrants Put.

¹¹⁶ Insert name and address.

¹¹⁷ Insert relevant page.

rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹¹⁸;

“**Exercise Date**” means •¹¹⁹;

“**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 with respect to such Security;

“**Final Reference Price**” means, subject to Product Conditions 3 and 4, the Reference Asset Price [at or about the Valuation Time] on the Valuation Date;

[“**Global Security**” has the meaning given in General Condition 2;]¹²⁰

“**Issue Date**” means •;

“**Issuer**” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

[“**Issuing and Paying Agent**” means •¹²¹ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**Knock-out Amount**” means [EUR 0.001] [•]¹²²;

“**Knock-out Barrier**” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“**Knock-out Event**” occurs if the price of the Reference Asset published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market

¹¹⁸ In case of Quanto Securities.

¹¹⁹ Specify date.

¹²⁰ In case of Securities represented by a Global Security.

¹²¹ Insert name and address.

¹²² Specify amount.

Disruption Event [or an Emerging Market Disruption Event]] [less]¹²³ [greater]¹²⁴ than or equal to the Knock-out Barrier;

“**Knock-out Termination Date**” means the day on which the Knock-out Event occurs;

“**Market Disruption Event**” means each event specified as a Market Disruption Event in Product Condition 3;

“**Maturity Date**” means (a) in case of an automatic exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of a knock-out in accordance with Product Condition 2(c), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

[“**Multiplier**” means ●, subject to an adjustment in accordance with Product Condition 4;]

“**Observation Period**” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date;

“**Observation Period Start Time**” means ●;

[“**Paying Agent**” means ●¹²⁵ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**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 system (TARGET2) is open;

“**Principal Paying Agent**” means ●¹²⁶, subject to a replacement pursuant to General Condition 8;

“**Reference Asset**” means ●¹²⁷, subject to an adjustment in accordance with Product Condition 4;

“**Reference Asset Price**” means, with respect to any day (a “**Reference Day**”) and subject to Product Condition 4, an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on ● (or on a page replacing such page) on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

¹²³ In case of Turbo Warrants Call.

¹²⁴ In case of Turbo Warrants Put.

¹²⁵ Insert name and address.

¹²⁶ Insert name and address.

¹²⁷ Name and security identification code of the underlying to be inserted.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

“**Related Exchange**” means each 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 Number of Trading Days**” means ●;

“**Securities**” means [each Series of Commodity Futures Contracts [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a “**Security**”. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]¹²⁸ [●]¹²⁹;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]¹³⁰

“**Settlement Currency**” means ●;

“**Strike**” means ●, subject to an adjustment in accordance with Product Condition 4;

“**Strike Currency**” means ●;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“**Valuation Date**” means the Exercise Date. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

- (a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:

¹²⁸ In case of several series.

¹²⁹ In case of a single series.

¹³⁰ In case of several series.

- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or 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 Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Asset Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **"Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
 - (ii) Price Source Disruption. The failure by the Exchange to announce or publish the price of 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

- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) 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
- (v) De Minimis Trading. The Issuer's 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
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) 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 with respect to the Securities.

[Insert in case the Reference Asset is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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

- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

- [(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) “**Adjustment Event**” means:
- (i) 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
 - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
 - (iii) 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 governmental 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 or Knock-out Termination Date, and/or on each of the three Trading Days following the Valuation Date or Knock-out Termination Date, from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or
 - (v) 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 with respect to the Securities.
- (c) Each and any of the Calculation Agent's [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Reference Asset; or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Reference Asset by another commodity future contract;

- (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CURRENCY [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹³¹.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●¹³², subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{133}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{134}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(f);

“**Clearing Agent**” means ●¹³⁵;

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or Knock-out Termination Date] by reference to [●¹³⁶ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the

¹³¹ In case of Securities represented by a Global Security.

¹³² Insert name and address.

¹³³ In case of Turbo Warrants Call.

¹³⁴ In case of Turbo Warrants Put.

¹³⁵ Insert name and address.

¹³⁶ Insert relevant page.

Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹³⁷;

“**Exercise Date**” means •¹³⁸;

“**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 with respect to such Security;

“**Final Reference Price**” means, subject to Product Conditions 3 and 4, the Reference Price [at or about the Valuation Time] on the Valuation Date;

[“**Global Security**” has the meaning given in General Condition 2;]¹³⁹

“**Issue Date**” means •;

“**Issuer**” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

[“**Issuing and Paying Agent**” means •¹⁴⁰ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**Knock-out Amount**” means [EUR 0.001] [•]¹⁴¹;

“**Knock-out Barrier**” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4 [.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“**Knock-out Event**” occurs if the [bid]¹⁴² [ask]¹⁴³ [mid-market] price of the Underlying FX Rate published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the

¹³⁷ In case of Quanto Securities.

¹³⁸ Specify date.

¹³⁹ In case of Securities represented by a Global Security.

¹⁴⁰ Insert name and address.

¹⁴¹ Specify amount.

¹⁴² In case of Turbo Warrants Call.

¹⁴³ In case of Turbo Warrants Put.

Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹⁴⁴ [greater]¹⁴⁵ than or equal to the Knock-out Barrier;

“**Knock-out Termination Date**” means the day on which the Knock-out Event occurs;

“**Market Disruption Event**” means each event specified as a Market Disruption Event in Product Condition 3;

“**Maturity Date**” means (a) in case of an automatic exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of a knock-out in accordance with Product Condition 2(c), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

[“**Multiplier**” means ●, subject to an adjustment in accordance with Product Condition 4;]

“**Observation Period**” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date;

“**Observation Period Start Time**” means ●;

[“**Paying Agent**” means ●¹⁴⁶ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**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 system (TARGET2) is open;

“**Principal Paying Agent**” means ●¹⁴⁷, subject to a replacement pursuant to General Condition 8;

“**Reference Price**” means, with respect to any day (a “**Reference Day**”) and subject to Product Condition 4, an amount equal to the price of the Underlying FX Rate published on [Reuters] [Bloomberg] [●] page [EUROFX/1] [WMCO] [●] (or on a page replacing such page) [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Underlying FX Rate [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

¹⁴⁴ In case of Turbo Warrants Call.

¹⁴⁵ In case of Turbo Warrants Put.

¹⁴⁶ Insert name and address.

¹⁴⁷ Insert name and address.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

“Relevant Number of Trading Days” means ●;

“Securities” means [each Series of Currency [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a **“Security”**. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]¹⁴⁸ [●]¹⁴⁹;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means ●;]¹⁵⁰

“Settlement Currency” means ●;

“Strike” means ●, subject to an adjustment in accordance with Product Condition 4;

“Strike Currency” means ●;

“Trading Day” means any day other than a Saturday or Sunday (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been);

[**“Underlying Currency”** means ●;]¹⁵¹

“Underlying FX Rate” means ●, subject to an adjustment in accordance with Product Condition 4;

“Valuation Date” means the Exercise Date. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“Valuation Time” means ●, or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

- (a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or

¹⁴⁸ In case of several series.

¹⁴⁹ In case of a single series.

¹⁵⁰ In case of several series.

¹⁵¹ In case the Settlement Currency is not part of the Underlying FX Rate.

- (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or 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 Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **"Market Disruption Event"** means:
 - (i) Price Source Disruption. It becomes impossible to obtain the Underlying FX Rate in the inter-bank market; or
 - (ii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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)

with respect to 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 with respect to 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 with respect to 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

- (iii) Inconvertibility/Non-transferability. The occurrence of any event which [(A) generally makes it impossible to convert the currencies in the Underlying FX Rate through customary legal channels for conducting such conversion in the principal financial centre of the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁵²; or (B)] generally makes it impossible to deliver the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁵³ from accounts in the country of the principal financial centre of the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁵⁴ to accounts outside such country or the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁵⁵ between accounts in such country or to a party that is a non-resident of such country; or
- (iv) 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 either of the currencies in the Underlying FX Rate or of the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁵⁶; or
- (v) [Illiquidity. It is impossible to obtain a firm quote for the Underlying FX Rate or the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁵⁷ for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or]

¹⁵² In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁵³ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁵⁴ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁵⁵ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁵⁶ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁵⁷ In case the Settlement Currency is not part of the Underlying FX Rate.

- (vi) 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.

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

[Insert in case the Underlying FX Rate is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
 - (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority (as defined below) 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
 - (v) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
 - (vi) 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

- (vii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Underlying FX Rate (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (viii) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (ix) 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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency or the lawful currency in which the Underlying FX Rate is denominated from time to time, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [●].]

[(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) “**Adjustment Event**” means:
 - (i) 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, transactions in the Underlying FX Rate (other than a tax on, or measured by reference to, overall gross or net income) by any governmental 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 Underlying FX Rate on the Valuation Date or Knock-out Termination Date, and/or on each of the three days following the Valuation Date or Knock-out Termination Date, from what it would have been without that imposition, change or removal; or
 - (ii) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Underlying FX Rate; or
 - (iii) 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 with respect to the Securities.
- (c) Each and any of [the Calculation Agent’s and] the Issuer’s determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the “**Applicable Law**”). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Early Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

(a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:

(i) any material illiquidity in the market with respect to (A) the Underlying FX Rate or; (B) instruments related to the Underlying FX Rate used by the Issuer to hedge entirely or in part its obligations under the Securities; or

(ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or

(iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or

(iv) 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.

(b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:

(i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to replace the Underlying FX Rate by another exchange rate;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make

such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX [QUANTO] [TURBO] [X-TURBO] WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹⁵⁸.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●¹⁵⁹, subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{160}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{161}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(f);

“**Clearing Agent**” means ●¹⁶²;

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

“**Exchange**” means each exchange or quotation system from which the Index Sponsor takes the prices of the Index Components to compute the Index or any successor to such exchange or quotation system;

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or Knock-out Termination Date] [or the Index Early Termination Date,

¹⁵⁸ In case of Securities represented by a Global Security.

¹⁵⁹ Insert name and address.

¹⁶⁰ In case of Turbo Warrants Call.

¹⁶¹ In case of Turbo Warrants Put.

¹⁶² Insert name and address.

as the case may be,] by reference to [●¹⁶³ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹⁶⁴;

“**Exercise Date**” means ●¹⁶⁵;

“**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 with respect to such Security;

“**Final Reference Price**” means, subject to Product Conditions 3 and 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to] the Reference Price [at or about the Valuation Time] on the Valuation Date [or, following an Index Early Termination Event, [an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to] the Reference Price [at or about the Valuation Time] on the Index Early Termination Date, as the case may be];

[“**Global Security**” has the meaning given in General Condition 2;]¹⁶⁶

“**Index**” means [●, subject to an adjustment in accordance with Product Condition 4]¹⁶⁷ [the Reference Index and the Knock-out Index, subject to an adjustment in accordance with Product Condition 4. References to the term “Index” shall be construed severally with respect to each Index]¹⁶⁸;

“**Index Components**” means the securities or other financial instruments that comprise the Index, subject to an adjustment in accordance with Product Condition 4;

[“**Index Early Termination Date**” means the day on which the Index Early Termination Event occurs or, if such day is not a Trading Day, the first succeeding Trading Day, subject to a postponement in accordance with Product Condition 3;]

[“**Index Early Termination Event**” occurs if the total number of Index Components comprised in the Index is less than the minimum number of Index Components, as specified in the index description attached to the Product Conditions;]

¹⁶³ Insert relevant page.

¹⁶⁴ In case of Quanto Securities.

¹⁶⁵ Specify date.

¹⁶⁶ In case of Securities represented by a Global Security.

¹⁶⁷ In case of Turbo Warrants.

¹⁶⁸ In case of X-Turbo Warrants.

“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 the Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“Issue Date” means ●;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuing and Paying Agent” means ●¹⁶⁹ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“Knock-out Amount” means [EUR 0.001] [●]¹⁷⁰;

“Knock-out Barrier” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4 [.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website ● (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is ●;]

“Knock-out Event” occurs if the level of the Index published on ● (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹⁷¹ [greater]¹⁷² than or equal to the Knock-out Barrier;

“Knock-out Index” means the X-DAX® [(Bloomberg Code: ●)] [●]¹⁷³ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 8.00am Central European Time up to (and excluding) 9.00am Central European Time and from (and including) 5.45pm Central European Time up to (and including) 10.15pm Central European Time;]¹⁷⁴

“Knock-out Termination Date” means the day on which the Knock-out Event occurs;

“Market Disruption Event” means each event specified as a Market Disruption Event in Product Condition 3;

¹⁶⁹ Insert name and address.

¹⁷⁰ Specify amount.

¹⁷¹ In case of Turbo Warrants Call.

¹⁷² In case of Turbo Warrants Put.

¹⁷³ Insert alternative source where X-DAX is published.

¹⁷⁴ In case of X-Turbo Warrants.

“Maturity Date” means (a) in case of an automatic exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; [or] (b) in case of a knock-out in accordance with Product Condition 2(c), the [third] [●] Business Day following the Knock-out Termination Date; or (c) in case of an Index Early Termination, the [third] [●] Business Day following the Index Early Termination Date], as the case may be;

“Multiplier” means ●, subject to an adjustment in accordance with Product Condition 4;]

“Observation Period” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date [or Index Early Termination Date, as the case may be];

“Observation Period Start Time” means ●;

“Paying Agent” means ●¹⁷⁵ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“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 system (TARGET2) is open;

“Principal Paying Agent” means ●¹⁷⁶, subject to a replacement pursuant to General Condition 8;

“Reference Index” means DAX[®] [(Bloomberg Code: DAX)] [●]¹⁷⁷ as generally calculated and announced by the Index Sponsor according the index rules from (and including) 9.00am Central European Time up to (and including) the Valuation Time;]¹⁷⁸

“Reference Price” means, with respect to any day (a **“Reference Day”**) and subject to Product Condition 4, an amount equal to the level of the [Reference] Index published on ● (or on a page replacing such page) [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such level is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the [Reference] Index [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

[If any Index Component closes “limit up” or “limit down” on the Exchange on a Valuation Date [or Index Early Termination Date], the level of the Index for such Valuation Date [or Index Early Termination Date,] will be adjusted by the Calculation Agent in its reasonable discretion

¹⁷⁵ Insert name and address.

¹⁷⁶ Insert name and address.

¹⁷⁷ Insert alternative source where X-DAX is published.

¹⁷⁸ In case of X-Turbo Warrants.

(*billiges Ermessen*) to reflect the first succeeding non-limit closing price of the relevant Index Component on the Exchange.]¹⁷⁹

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date [or an Index Early Termination Date], Product Condition 3 shall apply accordingly with respect to such Reference Day;

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

“**Relevant Number of Trading Days**” means ●;

“**Securities**” means [each Series of Index [Quanto] [Turbo] [X-Turbo] Warrants [Call] [Put] specified herein and each such warrant a “**Security**”. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]¹⁸⁰ [●]¹⁸¹;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]¹⁸²

“**Settlement Currency**” means ●;

“**Strike**” means ●, subject to an adjustment in accordance with Product Condition 4;

“**Strike Currency**” means ●;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event] would have been) a day on which the Index Sponsor should calculate and announce the [closing level] [●] of the Index according to its rules;

“**Valuation Date**” means the Exercise Date. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means the time with reference to which the Index Sponsor calculates the [closing level] [●] of the [Reference] Index, or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

¹⁷⁹ In case of Securities where any of the index components is a commodity future contract.

¹⁸⁰ In case of several series.

¹⁸¹ In case of a single series.

¹⁸² In case of several series.

2. RIGHTS AND PROCEDURES

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
- (i) the Cash Amount
 - [(A)] following an automatic exercise in accordance with Product Condition 2(b) [; or
 - (B) if an Index Early Termination Event has occurred in accordance with Product Condition 5(b)]; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event [or Index Early Termination Event] has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). [A Knock-out Event will override an Index Early Termination if the Knock-out Event occurs prior to or on the Index Early Termination Date.]
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date [or the Index Early Termination Date], then the Valuation Date [or the Index Early Termination Date, as the case may be,] shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date [or the Index Early Termination Date, as the case may be]. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date [or the Index Early Termination Date, as the case may be] (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) on any Exchange(s) in Index Components that comprise 20% or more of the level of the 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 an Index Component is suspended or limited at that time, then the relevant percentage contribution of that Index Component 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 Index Component 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 Index if, in the determination of the Calculation Agent, such suspension or limitation is material.

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 any Exchange or 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 any Exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

[Insert in case the Index or any Index Component is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index or any Index Component (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Index or any Index Component is denominated from time to time, or the lawful currency of the country in which an Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATION

(a) If the Index is:

- (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor which, in the determination of the Calculation Agent, is acceptable to the Calculation Agent (the "**Successor Sponsor**"); or
- (ii) 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 (the "**Successor Index**"),

then the Successor Sponsor will be deemed to be the Index Sponsor and/or the Successor Index will be deemed to be the Index.

(b) In the event:

- (i) that on or prior to the Valuation Date [or the Index Early Termination Date] the Index 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 Index Components and other routine events); or
- (ii) that on the Valuation Date [or the Index Early Termination Date] the Index Sponsor fails to calculate and/or announce the [Reference] Index,

then the Calculation Agent shall determine the relevant Reference Price using, in lieu of an announced level for the [Reference] Index on the Valuation Date [or the Index Early Termination Date] the level for the [Reference] Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the [Reference] Index last in effect prior to the change or failure to calculate and/or announce the [Reference] Index, but using only those Index Components that comprised the [Reference] Index immediately prior to the change or failure to calculate and/or announce the [Reference] Index (other than those Index Components that have since ceased to be listed on the relevant Exchange or any other exchange on which the Index Components are listed).

In case of a change or modification in accordance with Product Condition 4(b)(i), the Calculation Agent may deem such modified Index to be the Index so calculated and announced or the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.

- (c) In the event that on or prior to the Valuation Date [or the Index Early Termination Date] the Index Sponsor permanently cancels the Index or permanently discontinues the calculation and/or announcement of the Index and no Successor Index exists, the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.
- (d) If the Securities are to be terminated in accordance with Product Condition 4, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (e) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index.

[Where the Index Components consist of shares, the occurrence of one of the following events may trigger such an adjustment in accordance with this Product Condition 4(e): (i) a distribution or dividend to existing holders of the shares of (A) shares; or (B) 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 (C) 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; (ii) a free distribution or dividend of any shares to existing holders by way of bonus, capitalisation or similar issue; (iii) an extraordinary dividend; (iv) any cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (v) any non-cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such

shares for the prior four quarterly periods; (vi) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from (and including) the Issue Date up to (but excluding) the Valuation Date [or the Index Early Termination Date]; (vii) a distribution of cash dividends on the shares equal to or greater than 8% per annum of the then current market value of the shares; (viii) any other similar event having dilutive or concentrative effect on the theoretical value of the shares.]¹⁸³

- (f) If in the determination of the Calculation Agent any other event similar to any of the above has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions.
- (g) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW [OR FOLLOWING AN INDEX EARLY TERMINATION EVENT]

- [(a)] [Change in Law.]The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

¹⁸³ Where the Index Components are shares.

- [(b) Index Early Termination. Following an Index Early Termination Event, the Securities will terminate automatically and the Issuer will as soon as practicable give notice thereof to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event payment shall be made in accordance with Product Condition 2.]

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Index or any Index Components; or (B) instruments related to the Index or any Index Components used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging

Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to make an adjustment to the composition of the Index or determine 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;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's and the Calculation Agent's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.

- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX FUTURES CONTRACTS [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹⁸⁴.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means •¹⁸⁵, subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{186}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{187}$$

The Cash Amount shall not be less than [zero] [•] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [•] decimal places in the Settlement Currency, [0.00005] [•] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(f);

“**Clearing Agent**” means •¹⁸⁸;

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

“**Exchange**” means • or any successor to such exchange or quotation system;

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or Knock-out Termination Date] by reference to [•]¹⁸⁹ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and

¹⁸⁴ In case of Securities represented by a Global Security.

¹⁸⁵ Insert name and address.

¹⁸⁶ In case of Turbo Warrants Call.

¹⁸⁷ In case of Turbo Warrants Put.

¹⁸⁸ Insert name and address.

¹⁸⁹ Insert relevant page.

notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹⁹⁰;

“**Exercise Date**” means •¹⁹¹;

“**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 with respect to such Security;

“**Final Reference Price**” means, subject to Product Conditions 3 and 4, the Reference Asset Price [at or about the Valuation Time] on the Valuation Date;

[“**Global Security**” has the meaning given in General Condition 2;]¹⁹²

“**Issue Date**” means •;

“**Issuer**” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

[“**Issuing and Paying Agent**” means •¹⁹³ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**Knock-out Amount**” means [EUR 0.001] [•]¹⁹⁴;

“**Knock-out Barrier**” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“**Knock-out Event**” occurs if the price of the Reference Asset published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market

¹⁹⁰ In case of Quanto Securities.

¹⁹¹ Specify date.

¹⁹² In case of Securities represented by a Global Security.

¹⁹³ Insert name and address.

¹⁹⁴ Specify amount.

Disruption Event [or an Emerging Market Disruption Event]] [less]¹⁹⁵ [greater]¹⁹⁶ than or equal to the Knock-out Barrier;

“**Knock-out Termination Date**” means the day on which the Knock-out Event occurs;

“**Market Disruption Event**” means each event specified as a Market Disruption Event in Product Condition 3;

“**Maturity Date**” means (a) in case of an automatic exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of a knock-out in accordance with Product Condition 2(c), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

[“**Multiplier**” means ●, subject to an adjustment in accordance with Product Condition 4;]

“**Observation Period**” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date;

“**Observation Period Start Time**” means ●;

[“**Paying Agent**” means ●¹⁹⁷ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**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 system (TARGET2) is open;

“**Principal Paying Agent**” means ●¹⁹⁸, subject to a replacement pursuant to General Condition 8;

“**Reference Asset**” means ●¹⁹⁹, subject to an adjustment in accordance with Product Condition 4;

“**Reference Asset Price**” means, with respect to any day (a “**Reference Day**”) and subject to Product Condition 4, an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on ● (or on a page replacing such page) on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

¹⁹⁵ In case of Turbo Warrants Call.

¹⁹⁶ In case of Turbo Warrants Put.

¹⁹⁷ Insert name and address.

¹⁹⁸ Insert name and address.

¹⁹⁹ Name and security identification code of the underlying to be inserted.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

“**Related Exchange**” means each 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 Number of Trading Days**” means ●;

“**Securities**” means [each Series of Index Futures Contracts [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a “**Security**”. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]²⁰⁰ [●]²⁰¹;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]²⁰²

“**Settlement Currency**” means ●;

“**Strike**” means ●, subject to an adjustment in accordance with Product Condition 4;

“**Strike Currency**” means ●;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“**Valuation Date**” means the Exercise Date. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

- (a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:

²⁰⁰ In case of several series.

²⁰¹ In case of a single series.

²⁰² In case of several series.

- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or 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 Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Asset Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) "**Market Disruption Event**" means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
 - (ii) Price Source Disruption. The failure by the Exchange to announce or publish the price of 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

- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) 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
- (v) De Minimis Trading. The Issuer's 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
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) 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 with respect to the Securities.

[Insert in case the Reference Asset is related to one or more emerging market(s):

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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

- (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 with respect to the Securities.

“Governmental Authority” means 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 (if relevant).

“Relevant Currency” means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“Relevant Currency Exchange Rate” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“Standard Currency” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **“Adjustment Event”** means:
- (i) 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
 - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
 - (iii) 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 governmental 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 or Knock-out Termination Date, and/or on each of the three Trading Days following the Valuation Date or Knock-out Termination Date, from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or
- (v) 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 with respect to the Securities.

- (c) Each and any of the Calculation Agent's [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Reference Asset by another index future contract;

- (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]²⁰³.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means •²⁰⁴, subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{205}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{206}$$

The Cash Amount shall not be less than [zero] [•] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [•] decimal places in the Settlement Currency, [0.00005] [•] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(f);

“**Clearing Agent**” means •²⁰⁷;

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

“**Exchange**” means • or any successor to such exchange or quotation system;

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or Knock-out Termination Date] by reference to [•²⁰⁸ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and

²⁰³ In case of Securities represented by a Global Security.

²⁰⁴ Insert name and address.

²⁰⁵ In case of Turbo Warrants Call.

²⁰⁶ In case of Turbo Warrants Put.

²⁰⁷ Insert name and address.

²⁰⁸ Insert relevant page.

notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]²⁰⁹;

“**Exercise Date**” means •²¹⁰;

“**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 with respect to such Security;

“**Final Reference Price**” means, subject to Product Conditions 3 and 4, the Reference Price [at or about the Valuation Time] on the Valuation Date;

[“**Global Security**” has the meaning given in General Condition 2;]²¹¹

“**Issue Date**” means •;

“**Issuer**” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

[“**Issuing and Paying Agent**” means •²¹² and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“**Knock-out Amount**” means [EUR 0.001] [•]²¹³;

“**Knock-out Barrier**” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“**Knock-out Event**” occurs if the price of the Share on the Exchange is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²¹⁴ [greater]²¹⁵ than or equal to the Knock-out Barrier;

²⁰⁹ In case of Quanto Securities.

²¹⁰ Specify date.

²¹¹ In case of Securities represented by a Global Security.

²¹² Insert name and address.

²¹³ Specify amount.

²¹⁴ In case of Turbo Warrants Call.

²¹⁵ In case of Turbo Warrants Put.

“Knock-out Termination Date” means the day on which the Knock-out Event occurs;

“Market Disruption Event” means each event specified as a Market Disruption Event in Product Condition 3;

“Maturity Date” means (a) in case of an automatic exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of a knock-out in accordance with Product Condition 2(c), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

[**“Multiplier”** means ●, subject to an adjustment in accordance with Product Condition 4;]

“Observation Period” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date;

“Observation Period Start Time” means ●;

[**“Paying Agent”** means ●²¹⁶ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“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 system (TARGET2) is open;

“Principal Paying Agent” means ●²¹⁷, subject to a replacement pursuant to General Condition 8;

“Reference Price” means, with respect to any day (a **“Reference Day”**) and subject to Product Condition 4, an amount equal to the price of the Share quoted on the Exchange [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Share [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

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

“Relevant Number of Trading Days” means ●;

²¹⁶ Insert name and address.

²¹⁷ Insert name and address.

“**Securities**” means [each Series of Single Stock [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a “**Security**”. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]²¹⁸ [●]²¹⁹;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]²²⁰

“**Settlement Currency**” means ●;

“**Share**” means ●²²¹, subject to an adjustment in accordance with Product Condition 4;

“**Share Company**” means ●, subject to an adjustment in accordance with Product Condition 4;

“**Strike**” means ●, subject to an adjustment in accordance with Product Condition 4;

“**Strike Currency**” means ●;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“**Valuation Date**” means the Exercise Date. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

(a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:

- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
- (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).

²¹⁸ In case of several series.

²¹⁹ In case of a single series.

²²⁰ In case of several series.

²²¹ Name, issuer and security identification code of the underlying to be inserted.

- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or 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 Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **“Market Disruption Event”** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
 - (ii) Trading Limitation. 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) on any Related Exchange 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

- (iii) 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 with respect to the Securities.

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

[Insert in case the Share is related to one or more emerging market(s):

(c) **“Emerging Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Share (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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

- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

- [(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATION

- (a) 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 Shares and, if so (in this case an “**Adjustment Event**”), will:
- (i) make adjustments, 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 the adjustments.
- (b) “**Potential Adjustment Event**” means:
- (i) a subdivision, consolidation or reclassification of the 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 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 (in cash or otherwise) 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 annum of the then current market value of the Shares;
 - (v) a call by the Share Company with respect to Shares that are not fully paid;
 - (vi) a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
 - (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Shares.
- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company (each also an **“Adjustment Event”**), the Issuer may determine to take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine the adjustment, if any, to be made to any 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; or
 - (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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) (the **“Termination Amount”**).

The Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

“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 date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification of or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of a Share Company (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 or Knock-out Termination 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) Each and any of the Calculation Agent’s and the Issuer’s determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are not under any obligation to) take into account the adjustments made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange. Furthermore, the occurrence of a Potential

Adjustment Event, a De-listing, a Merger Event, a Nationalisation, or an Insolvency (if any) shall be notified as soon as practicable to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination in accordance with this Product Condition 4.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the “**Applicable Law**”). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (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) (the “**Early Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Shares or; (B) instruments related to the Shares used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or

- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
 - (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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) (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Share by another share;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (Landgericht) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]²²².

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●²²³, subject to a replacement pursuant to General Condition 8;

“**Calculation Period**” means each period from (but excluding) the Issue Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{224}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{225}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(k);

“**Clearing Agent**” means ●²²⁶;

“**Commodity**” means ●, subject to an adjustment in accordance with Product Condition 4;

“**Current Funding Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets; (b) the availability and cost of capital and credit; (c) interest rates; (d) the announcement or implementation of any new or additional

²²² In case of Securities represented by a Global Security.

²²³ Insert name and address.

²²⁴ In case of Turbo Warrants Call.

²²⁵ In case of Turbo Warrants Put.

²²⁶ Insert name and address.

law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power which would impose higher capital ratio requirements for banks; or (e) any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Commodities and/or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.] [;]

[The Current Funding Spread on the Issue Date is •;]

["**Emerging Market Disruption Event**" means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or] [,] the Issuer Call Date [or Knock-out Termination Date] by reference to [•²²⁷ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]²²⁸;]

"**Exercise**" means a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b);

"**Exercise Date**" means the • Business Day preceding the scheduled Valuation Date;

"**Exercise Time**" means •;

"**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

²²⁷ Insert relevant page.

²²⁸ In case of Quanto Securities.

such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

“Final Reference Price” means, subject to Product Conditions 3 and 4, (a) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date or (b) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date;

“Funding Cost” means, subject to an adjustment in accordance with Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Strike Currency)], as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate [plus]²²⁹ [minus]²³⁰ the Current Funding Spread; multiplied by
- (b) the Strike 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 can be negative[.] [;]]²³¹

[The Funding Cost will be published on the Issuer’s website • (or any successor website);]

[**“Global Security”** has the meaning given in General Condition 2;]²³²

“Issue Date” means •;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

“Issuer Call Commencement Date” means •;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 2(c). If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

“Issuer Call Notice Period” means •;

[**“Issuing and Paying Agent”** means •²³³ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

²²⁹ In case of Turbo Warrants Call.

²³⁰ In case of Turbo Warrants Put.

²³¹ In case of Turbo Warrants Put.

²³² In case of Securities represented by a Global Security.

²³³ Insert name and address.

“Knock-out Amount” means [EUR 0.001] [●]²³⁴;

“Knock-out Barrier” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“Knock-out Event” occurs if the [bid low]²³⁵ [ask high]²³⁶ price of the Commodity published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²³⁷ [greater]²³⁸ than or equal to the Knock-out Barrier;

“Knock-out Termination Date” means the day on which the Knock-out Event occurs;

“Market Disruption Event” means each event specified as a Market Disruption Event in Product Condition 3;

“Maturity Date” means (a) in case of an Exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of an Issuer Call in accordance with Product Condition 2(c), the [third] [●] Business Day following the Issuer Call Date; or (c) in case of a knock-out in accordance with Product Condition 2(d), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

“Maximum Funding Spread” means •;

[**“Multiplier”** means •, subject to an adjustment in accordance with Product Condition 4;]

“Notice” means a notice in accordance with Product Condition 2(g);

“Observation Period” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date;

“Observation Period Start Time” means •;

[**“Paying Agent”** means •²³⁹ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“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

²³⁴ Specify amount.

²³⁵ In case of Turbo Warrants Call.

²³⁶ In case of Turbo Warrants Put.

²³⁷ In case of Turbo Warrants Call.

²³⁸ In case of Turbo Warrants Put.

²³⁹ Insert name and address.

Currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open;

“**Principal Paying Agent**” means ●²⁴⁰, subject to a replacement pursuant to General Condition 8;

“**Rate**” means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 am Central European Time]²⁴¹ [11 am London time]²⁴² [●].

In the event the Rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the Rate. If at least two quotations are provided, the Rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the Rate by at least two of the Reference Banks then the Calculation Agent will determine the Rate in its reasonable discretion (*billiges Ermessen*).]²⁴³ [●]²⁴⁴ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the Rate;

“**Reference Bank**” means [each of the principal [euro-zone]²⁴⁵ [London]²⁴⁶ office of four major banks in the [euro-zone interbank market]²⁴⁷ [London interbank market]²⁴⁸ which ordinarily provide quotations for the Rate]²⁴⁹ [●]²⁵⁰;

“**Reference Price**” means, with respect to any day (a “**Reference Day**”) and subject to Product Condition 4, an amount equal to the price of the Commodity published on ● (or on a page replacing such page) [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Commodity [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

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

²⁴⁰ Insert name and address.

²⁴¹ In case of EURIBOR.

²⁴² In case of LIBOR.

²⁴³ In case of EURIBOR and LIBOR.

²⁴⁴ Insert alternative determination of the Rate.

²⁴⁵ In case of EURIBOR.

²⁴⁶ In case of LIBOR.

²⁴⁷ In case of EURIBOR.

²⁴⁸ In case of LIBOR.

²⁴⁹ In case of EURIBOR and LIBOR.

²⁵⁰ Insert alternative Reference Bank.

“Relevant Number of Trading Days” means •;

“Securities” means [each Series of Commodity Open End [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a **“Security”**. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]²⁵¹ [•]²⁵²;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means •;]²⁵³

“Settlement Currency” means •;

“Strike” means initially on the Issue Date •. After the Issue Date, the Calculation Agent will determine the Strike [(which shall be deemed to be a monetary value in the Strike Currency)] on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost[.]

[The applicable Strike will be published on the Issuer’s website • (or any successor website)];

“Strike Currency” means •;

“Trading Day” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“Valuation Date” means the last Trading Day of [March] [•] in each year, commencing [one year] [•] after the Issue Date. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“Valuation Time” means [the regular close of trading on the Exchange] [•], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

- (a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

²⁵¹ In case of several series.

²⁵² In case of a single series.

²⁵³ In case of several series.

- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.
- (b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.

- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders 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 General Condition 3, and shall specify the Issuer Call Date.
- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (g) Notice. The form of the Notice may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Notice shall:

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

- (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
- (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it in the time specified in this Product Condition 2 shall result in such notice being treated as null and void.

The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay 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 Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and a Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date or the Issuer Call Date, then the Valuation Date or the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date or the

Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) 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
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) 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
- (v) De Minimis Trading. The Issuer’s 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
- (vi) Trading Limitation. A material limitation imposed on trading in the Commodity or any contract related to the Commodity on the Exchange or any Related Exchange or any principal trading market; or
- (vii) 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 with respect to the Securities.

[Insert in case the Commodity is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
- (i) **Moratorium.** A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) **Exchange Rate Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) **Governmental Default.** With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Commodity (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Commodity is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•.]

[(c)] [(d)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

(a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.

(b) "**Adjustment Event**" means:

(i) 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

(ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or

(iii) 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 governmental 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[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date,] and/or on each of the three Trading Days following the Valuation Date[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date,] from what it would have been without that imposition, change or removal; or

(iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Commodity; or

(v) 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 with respect to the Securities.

(c) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the “**Applicable Law**”). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Early Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Commodity; or (B) instruments related to the Commodity used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.

- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Commodity by another commodity;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES CONTRACTS OPEN END [QUANTO] TURBO WARRANTS
[CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]²⁵⁴.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means •²⁵⁵, subject to a replacement pursuant to General Condition 8;

“**Calculation Period**” means each period from (but excluding) the Issue Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{256}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{257}$$

The Cash Amount shall not be less than [zero] [•] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [•] decimal places in the Settlement Currency, [0.00005] [•] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(k);

“**Clearing Agent**” means •²⁵⁸;

“**Current Funding Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets; (b) the availability and cost of capital and credit; (c) interest rates; (d) the announcement or implementation of any new or additional

²⁵⁴ In case of Securities represented by a Global Security.

²⁵⁵ Insert name and address.

²⁵⁶ In case of Turbo Warrants Call.

²⁵⁷ In case of Turbo Warrants Put.

²⁵⁸ Insert name and address.

law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power which would impose higher capital ratio requirements for banks; or (e) any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Reference Assets and/or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.] [;]

[The Current Funding Spread on the Issue Date is •;]

["**Emerging Market Disruption Event**" means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or] [,] the Issuer Call Date [or Knock-out Termination Date] by reference to [•²⁵⁹ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]²⁶⁰;

"**Exercise**" means a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b);

"**Exercise Date**" means the • Trading Day preceding the scheduled Valuation Date;

"**Exercise Time**" means •;

"**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

²⁵⁹ Insert relevant page.

²⁶⁰ In case of Quanto Securities.

such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

“Final Reference Price” means, subject to Product Conditions 3 and 4, (a) following an Exercise, the Reference Asset Price [at or about the Valuation Time] on the Valuation Date or (b) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date;

“Funding Cost” means, subject to an adjustment in accordance with Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Strike Currency)], as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Current Funding Spread; multiplied by
- (b) the Strike 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 can be negative[.] [;]]²⁶¹

[The Funding Cost will be published on the Issuer’s website • (or any successor website);]

[**“Global Security”** has the meaning given in General Condition 2;]²⁶²

“Issue Date” means •;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

“Issuer Call Commencement Date” means •;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 2(c). If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

“Issuer Call Notice Period” means •;

[**“Issuing and Paying Agent”** means •²⁶³ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“Knock-out Amount” means [EUR 0.001] [•]²⁶⁴;

²⁶¹ In case of Turbo Warrants Put.

²⁶² In case of Securities represented by a Global Security.

²⁶³ Insert name and address.

²⁶⁴ Specify amount.

“Knock-out Barrier” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“Knock-out Event” occurs if the price of the Reference Asset published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²⁶⁵ [greater]²⁶⁶ than or equal to the Knock-out Barrier;

“Knock-out Termination Date” means the day on which the Knock-out Event occurs;

“Market Disruption Event” means each event specified as a Market Disruption Event in Product Condition 3;

“Maturity Date” means (a) in case of an Exercise in accordance with Product Condition 2(b), the [third] [•] Business Day following the Valuation Date; or (b) in case of an Issuer Call in accordance with Product Condition 2(c), the [third] [•] Business Day following the Issuer Call Date; or (c) in case of a knock-out in accordance with Product Condition 2(d), the [third] [•] Business Day following the Knock-out Termination Date, as the case may be;

“Maximum Funding Spread” means •;

[**“Multiplier”** means •, subject to an adjustment in accordance with Product Condition 4;]

“Notice” means a notice in accordance with Product Condition 2(g);

“Observation Period” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date;

“Observation Period Start Time” means •;

[**“Paying Agent”** means •²⁶⁷ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“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 system (TARGET2) is open;

²⁶⁵ In case of Turbo Warrants Call.

²⁶⁶ In case of Turbo Warrants Put.

²⁶⁷ Insert name and address.

“**Principal Paying Agent**” means ●²⁶⁸, subject to a replacement pursuant to General Condition 8;

“**Reference Asset**” means, subject to an adjustment in accordance with Product Condition 4, as of the Issue Date, ●²⁶⁹, 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. The substitution of the Reference Asset shall become effective on the first Trading Day following the Rollover Date and the Substitute Asset shall then, for all purposes, be the Reference Asset;

“**Reference Asset Price**” means, with respect to any day (a “**Reference Day**”) and subject to Product Condition 4, an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on ● (or on a page replacing such page) on such Reference Day, adjusted for any market making spreads as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), and without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

“**Related Exchange**” means each 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 Number of Trading Days**” means ●;

“**Rollover Date**” means ●;

“**Rollover Spread**” means the fair value spread calculated as the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread can be negative;

“**Securities**” means [each Series of Commodity Futures Contracts Open End [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a “**Security**”. References to the

²⁶⁸ Insert name and address.

²⁶⁹ Name and security identification code of the underlying to be inserted.

terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]²⁷⁰ [●]²⁷¹;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]²⁷²

“**Settlement Currency**” means ●;

“**Strike**” means initially on the Issue Date ●. After the Issue Date, the Calculation Agent will determine the Strike [(which shall be deemed to be a monetary value in the Strike Currency)] on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; [plus]²⁷³[minus]²⁷⁴
- (b) Funding Cost; minus
- (c) if the determination of the Strike is to be made on the Trading Day following a Rollover Date, the corresponding Rollover Spread[.]

[The applicable Strike will be published on the Issuer’s website ● (or any successor website)];

“**Strike Currency**” means ●;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“**Trading Hours**” means with respect to each Exchange its regular scheduled opening hours on each Trading Day;

“**Valuation Date**” means the last Trading Day of [March] [●] in each year, commencing [one year] [●] after the Issue Date. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

²⁷⁰ In case of several series.

²⁷¹ In case of a single series.

²⁷² In case of several series.

²⁷³ In case of Turbo Warrants Call.

²⁷⁴ In case of Turbo Warrants Put.

2. RIGHTS AND PROCEDURES

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:
- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.
- (b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.
- For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.
- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders 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 General Condition 3, and shall specify the Issuer Call Date.
- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (g) Notice. The form of the Notice may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Notice shall:

- (i) specify the number of Securities to which it relates;
 - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
- (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it in the time specified in this Product Condition 2 shall result in such notice being treated as null and void.

The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay 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 Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and a Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal

business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date or the Issuer Call Date, then the Valuation Date or the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Asset Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the price of 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
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) 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
- (v) De Minimis Trading. The Issuer’s 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
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) 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 with respect to the Securities.

[Insert in case the Reference Asset is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
- (i) **Moratorium.** A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) **Exchange Rate Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) **Governmental Default.** With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

(a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.

(b) "**Adjustment Event**" means:

(i) 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

(ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or

(iii) 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 governmental 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[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date,] and/or on each of the three Trading Days following the Valuation Date[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date,] from what it would have been without that imposition, change or removal; or

(iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or

(v) 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 with respect to the Securities.

(c) Each and any of the Calculation Agent's [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the “**Applicable Law**”). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Early Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Reference Asset; or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.

- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Reference Asset by another commodity future contract;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CURRENCY OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]²⁷⁵.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●²⁷⁶, subject to a replacement pursuant to General Condition 8;

“**Calculation Period**” means each period from (but excluding) the Issue Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{277}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{278}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(k);

“**Clearing Agent**” means ●²⁷⁹;

“**Current Funding Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets; (b) the availability and cost of capital and credit; (b) interest rates; (d) the announcement or implementation of any new or additional law, rule, regulation, judgement, order or directive of any governmental, administrative,

²⁷⁵ In case of Securities represented by a Global Security.

²⁷⁶ Insert name and address.

²⁷⁷ In case of Turbo Warrants Call.

²⁷⁸ In case of Turbo Warrants Put.

²⁷⁹ Insert name and address.

legislative or judicial authority or power which would impose higher capital ratio requirements for banks; or (e) any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Currency and/or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.] [;]

[The Current Funding Spread on the Issue Date is •;]

[“**Emerging Market Disruption Event**” means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

[“**Exchange Rate**” means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or] [.] the Issuer Call Date[or Knock-out Termination Date] by reference to [•²⁸⁰ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]²⁸¹;]

“**Exercise**” means a Securityholder’s right to exercise the Securities in accordance with Product Condition 2(b);

“**Exercise Date**” means the • Business Day preceding the scheduled Valuation Date;

“**Exercise Time**” means •;

“**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 with respect to such Security;

²⁸⁰ Insert relevant page.

²⁸¹ In case of Quanto Securities.

“Final Reference Price” means, subject to Product Conditions 3 and 4, (a) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date or (b) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date;

“Funding Cost” means, subject to an adjustment in accordance with Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Strike Currency)], as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate for the Strike Currency [plus]²⁸² [minus]²⁸³ the Current Funding Spread [minus]²⁸⁴ [plus]²⁸⁵ [the Rate for the Settlement Currency]²⁸⁶ [the Rate for the Underlying Currency]²⁸⁷; multiplied by
- (b) the Strike 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 can be negative[.] [;]

[The Funding Cost will be published on the Issuer’s website • (or any successor website);]

[**“Global Security”** has the meaning given in General Condition 2;]²⁸⁸

“Issue Date” means •;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

“Issuer Call Commencement Date” means •;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 2(c). If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

“Issuer Call Notice Period” means •;

²⁸² In case of Turbo Warrants Call.

²⁸³ In case of Turbo Warrants Put.

²⁸⁴ In case of Turbo Warrants Call.

²⁸⁵ In case of Turbo Warrants Put.

²⁸⁶ In case the Settlement Currency is part of the Underlying FX Rate.

²⁸⁷ In case the Settlement Currency is not part of the Underlying FX Rate.

²⁸⁸ In case of Securities represented by a Global Security.

["**Issuing and Paying Agent**" means ●²⁸⁹ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"**Knock-out Amount**" means [EUR 0.001] [●]²⁹⁰;

"**Knock-out Barrier**" means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is ●;]

"**Knock-out Event**" occurs if the [bid]²⁹¹ [ask]²⁹² [mid-market] price of the Underlying FX Rate published on ● (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²⁹³ [greater]²⁹⁴ than or equal to the Knock-out Barrier;

"**Knock-out Termination Date**" means the day on which the Knock-out Event occurs;

"**Market Disruption Event**" means each event specified as a Market Disruption Event in Product Condition 3;

"**Maturity Date**" means (a) in case of an Exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of an Issuer Call in accordance with Product Condition 2(c), the [third] [●] Business Day following the Issuer Call Date; or (c) in case of a knock-out in accordance with Product Condition 2(d), the [third] [●] Business Day following the Knock-out Termination Date, as the case may be;

"**Maximum Funding Spread**" means ●;

["**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 4;]

"**Notice**" means a notice in accordance with Product Condition 2(g);

"**Observation Period**" means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date;

"**Observation Period Start Time**" means ●;

²⁸⁹ Insert name and address.

²⁹⁰ Specify amount.

²⁹¹ In case of Turbo Warrants Call.

²⁹² In case of Turbo Warrants Put.

²⁹³ In case of Turbo Warrants Call.

²⁹⁴ In case of Turbo Warrants Put.

["**Paying Agent**" means ●²⁹⁵ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"**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 system (TARGET2) is open;

"**Principal Paying Agent**" means ●²⁹⁶, subject to a replacement pursuant to General Condition 8;

["**Rate for the Settlement Currency**" means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 am Central European Time]²⁹⁷ [11 am London time]²⁹⁸ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]²⁹⁹ [●]³⁰⁰ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;]³⁰¹

"**Rate for the Strike Currency**" means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 am Central European Time]³⁰² [11 am London time]³⁰³ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]³⁰⁴ [●]³⁰⁵ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;

²⁹⁵ Insert name and address.

²⁹⁶ Insert name and address.

²⁹⁷ In case of EURIBOR.

²⁹⁸ In case of LIBOR.

²⁹⁹ In case of EURIBOR and LIBOR.

³⁰⁰ Insert alternative determination of the Rate.

³⁰¹ In case the Settlement Currency is part of the Underlying FX Rate.

³⁰² In case of EURIBOR.

³⁰³ In case of LIBOR.

³⁰⁴ In case of EURIBOR and LIBOR.

³⁰⁵ Insert alternative determination of the Rate.

["**Rate for the Underlying Currency**" means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 am Central European Time]³⁰⁶ [11 am London time]³⁰⁷ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]³⁰⁸ [●]³⁰⁹ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;]³¹⁰

"**Reference Bank**" means [(a) with respect to the Rate for the Strike Currency [each of the principal [euro-zone]³¹¹ [London]³¹² office of four major banks in the [euro-zone interbank market]³¹³ [London interbank market]³¹⁴ which ordinarily provide quotations for the Rate for the Strike Currency]³¹⁵ [●]³¹⁶; and (b) with respect to the [Rate for the Settlement Currency]³¹⁷ [Rate for the Underlying Currency]³¹⁸ [each of the principal [euro-zone]³¹⁹ [London]³²⁰ office of four major banks in the [euro-zone interbank market]³²¹ [London interbank market]³²² which ordinarily provide quotations for the [Rate for the Settlement Currency]³²³ [Rate for the Underlying Currency]^{324,325} [●]³²⁶;

"**Reference Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Condition 4, an amount equal to the price of the Underlying FX Rate published on [Reuters] [Bloomberg] [●] page [EUROFX/1] [WMCO] [●] (or on a page replacing such page) [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Underlying FX Rate [at or about the Valuation Time] on

³⁰⁶ In case of EURIBOR.

³⁰⁷ In case of LIBOR.

³⁰⁸ In case of EURIBOR and LIBOR.

³⁰⁹ Insert alternative determination of the Rate.

³¹⁰ In case the Settlement Currency is part of the Underlying FX Rate.

³¹¹ In case of EURIBOR.

³¹² In case of LIBOR.

³¹³ In case of EURIBOR.

³¹⁴ In case of LIBOR.

³¹⁵ In case of EURIBOR and LIBOR.

³¹⁶ Insert alternative Reference Bank.

³¹⁷ In case the Settlement Currency is part of the Underlying FX Rate.

³¹⁸ In case the Settlement Currency is not part of the Underlying FX Rate.

³¹⁹ In case of EURIBOR.

³²⁰ In case of LIBOR.

³²¹ In case of EURIBOR.

³²² In case of LIBOR.

³²³ In case the Settlement Currency is part of the Underlying FX Rate.

³²⁴ In case the Settlement Currency is not part of the Underlying FX Rate.

³²⁵ In case of EURIBOR and LIBOR.

³²⁶ Insert alternative Reference Bank.

such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

“Relevant Number of Trading Days” means ●;

“Securities” means [each Series of Currency Open End [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a **“Security”**]. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]³²⁷ [●]³²⁸;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means ●;]³²⁹

“Settlement Currency” means ●;

“Strike” means initially on the Issue Date ●. After the Issue Date, the Calculation Agent will determine the Strike [(which shall be deemed to be a monetary value in the Strike Currency)] on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost[.]

[The applicable Strike will be published on the Issuer’s website ● (or any successor website)];

“Strike Currency” means ●;

“Trading Day” means any day other than a Saturday or Sunday (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been such day);

[**“Underlying Currency”** means ●;]³³⁰

“Underlying FX Rate” means ●, subject to an adjustment in accordance with Product Condition 4;

“Valuation Date” means the last Trading Day of [March] [●] in each year, commencing [one year] [●] after the Issue Date. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

³²⁷ In case of several series.

³²⁸ In case of a single series.

³²⁹ In case of several series.

³³⁰ In case the Settlement Currency is not part of the Underlying FX Rate.

“**Valuation Time**” means •, or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

(a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
- (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder’s Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders 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 General Condition 3, and shall specify the Issuer Call Date.

(d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer’s website • (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.

(e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.

- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (g) Notice. The form of the Notice may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Notice shall:

- (i) specify the number of Securities to which it relates;
 - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
 - (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it in the time specified in this Product Condition 2 shall result in such notice being treated as null and void.

The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay 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 Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and a Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as

provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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
- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date or the Issuer

Call Date, then the Valuation Date or the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Price Source Disruption. It becomes impossible to obtain the Underlying FX Rate in the inter-bank market; or
- (ii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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

- (iii) Inconvertibility/Non-transferability. The occurrence of any event which [(A) generally makes it impossible to convert the currencies in the Underlying FX Rate through customary legal channels for conducting such conversion in the principal financial centre of the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³³¹; or (B)] generally makes it impossible to deliver the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³³² from accounts in the country of the principal financial centre of the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³³³ to accounts outside such country or the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³³⁴ between accounts in such country or to a party that is a non-resident of such country; or
- (iv) 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 either of the currencies in the Underlying FX Rate or of the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³³⁵; or
- (v) [Illiquidity. It is impossible to obtain a firm quote for the Underlying FX Rate or the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³³⁶ for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or]
- (vi) 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.

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

[Insert in case the Underlying FX Rate is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or

³³¹ In case the Settlement Currency is not part of the Underlying FX Rate.

³³² In case the Settlement Currency is not part of the Underlying FX Rate.

³³³ In case the Settlement Currency is not part of the Underlying FX Rate.

³³⁴ In case the Settlement Currency is not part of the Underlying FX Rate.

³³⁵ In case the Settlement Currency is not part of the Underlying FX Rate.

³³⁶ In case the Settlement Currency is not part of the Underlying FX Rate.

- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority (as defined below) 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
- (v) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vi) 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
- (vii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Underlying FX Rate (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (viii) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (ix) 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 with respect to the Securities.

“Governmental Authority” means 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 (if relevant).

“Relevant Currency” means the Settlement Currency or the lawful currency in which the Underlying FX Rate is denominated from time to time, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“Relevant Currency Exchange Rate” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“Standard Currency” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **“Adjustment Event”** means:
 - (i) 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, transactions in the Underlying FX Rate (other than a tax on, or measured by reference to, overall gross or net income) by any governmental 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 Underlying FX Rate on the Valuation Date[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date], and/or on each of the three days following the Valuation Date[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date], from what it would have been without that imposition, change or removal; or

- (ii) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Underlying FX Rate; or
 - (iii) 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 with respect to the Securities.
- (c) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Underlying FX Rate or; (B) instruments related to the Underlying FX Rate used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law

- (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Underlying FX Rate by another exchange rate;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX OPEN END [QUANTO] [TURBO] [X-TURBO] WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]³³⁷.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●³³⁸, subject to a replacement pursuant to General Condition 8;

“**Calculation Period**” means each period from (but excluding) the Issue Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{339}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{340}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(k);

“**Clearing Agent**” means ●³⁴¹;

“**Current Funding Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets; (b) the availability and cost of capital and credit; (b) interest rates; (d) the announcement or implementation of any new or additional law, rule, regulation, judgement, order or directive of any governmental, administrative,

³³⁷ In case of Securities represented by a Global Security.

³³⁸ Insert name and address.

³³⁹ In case of Turbo Warrants Call.

³⁴⁰ In case of Turbo Warrants Put.

³⁴¹ Insert name and address.

legislative or judicial authority or power which would impose higher capital ratio requirements for banks; or (e) any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Index and/or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.] [;]

[The Current Funding Spread on the Issue Date is •;]

["**Emerging Market Disruption Event**" means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means each exchange or quotation system from which the Index Sponsor takes the prices of the Index Components to compute the Index or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date[,] [or] the Issuer Call Date [[,] [or] Knock-out Termination Date] [or the Index Early Termination Date, as the case may be,] by reference to [•³⁴² (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]³⁴³.;]

"**Exercise**" means a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b);

"**Exercise Date**" means the • Business Day preceding the scheduled Valuation Date;

"**Exercise Time**" means •;

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

³⁴² Insert relevant page.

³⁴³ In case of Quanto Securities.

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 with respect to such Security;

“Final Reference Price” means, subject to Product Conditions 3 and 4, (a) following an Exercise, [an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to] the Reference Price [at or about the Valuation Time] on the Valuation Date[;] [or] (b) following an Issuer Call, [an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to] the Reference Price [at or about the Valuation Time] on the Issuer Call Date [or] (c) following an Index Early Termination Event, [an amount (which shall be deemed to be a monetary value in the Strike Currency) equal to] the Reference Price [at or about the Valuation Time] on the Index Early Termination Date, as the case may be];

“Funding Cost” means, subject to an adjustment in accordance with Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Strike Currency)], as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate [plus]³⁴⁴ [minus]³⁴⁵ the Current Funding Spread; multiplied by
- (b) the Strike 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 can be negative[.] [;]]³⁴⁶

[The Funding Cost will be published on the Issuer’s website • (or any successor website);]

[**“Global Security”** has the meaning given in General Condition 2;]³⁴⁷

“Index” means [•, subject to an adjustment in accordance with Product Condition 4]³⁴⁸ [the Reference Index and the Knock-out Index, subject to an adjustment in accordance with Product Condition 4. References to the term “Index” shall be construed severally with respect to each Index]³⁴⁹;

“Index Components” means the securities or other financial instruments that comprise the Index, subject to an adjustment in accordance with Product Condition 4;

[**“Index Early Termination Date”** means the day on which the Index Early Termination Event occurs or, if such day is not a Trading Day, the first succeeding Trading Day, subject to a postponement in accordance with Product Condition 3;]

[**“Index Early Termination Event”** occurs if the total number of Index Components comprised in the Index is less than the minimum number of Index Components, as specified in the index description attached to the Product Conditions;]

³⁴⁴ In case of Turbo Warrants Call.

³⁴⁵ In case of Turbo Warrants Put.

³⁴⁶ In case of Turbo Warrants Put.

³⁴⁷ In case of Securities represented by a Global Security.

³⁴⁸ In case of Turbo Warrants.

³⁴⁹ In case of X-Turbo Warrants.

“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 the Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“Issue Date” means •;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

“Issuer Call Commencement Date” means •;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 2(c). If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

“Issuer Call Notice Period” means •;

[**“Issuing and Paying Agent”** means •³⁵⁰ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“Knock-out Amount” means [EUR 0.001] [•]³⁵¹;

“Knock-out Barrier” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“Knock-out Event” occurs if the level of the Index published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]³⁵² [greater]³⁵³ than or equal to the Knock-out Barrier;

³⁵⁰ Insert name and address.

³⁵¹ Specify amount.

³⁵² In case of Turbo Warrants Call.

³⁵³ In case of Turbo Warrants Put.

["**Knock-out Index**" means the X-DAX[®] [(Bloomberg Code: ●)] [●]³⁵⁴ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 8.00am Central European Time up to (and excluding) 9.00am Central European Time and from (and including) 5.45pm Central European Time up to (and including) 10.15pm Central European Time;]³⁵⁵

"**Knock-out Termination Date**" means the day on which the Knock-out Event occurs;

"**Market Disruption Event**" means each event specified as a Market Disruption Event in Product Condition 3;

"**Maturity Date**" means (a) in case of an Exercise in accordance with Product Condition 2(b), the [third] [●] Business Day following the Valuation Date; or (b) in case of an Issuer Call in accordance with Product Condition 2(c), the [third] [●] Business Day following the Issuer Call Date; or (c) in case of a knock-out in accordance with Product Condition 2(d), the [third] [●] Business Day following the Knock-out Termination Date; or (d) in case of an Index Early Termination, the [third] [●] Business Day following the Index Early Termination Date], as the case may be;

"**Maximum Funding Spread**" means ●;

["**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 4;]

"**Notice**" means a notice in accordance with Product Condition 2(g);

["**Notional Dividend Amount**" means [an amount, where applicable converted into the Strike Currency at the prevailing spot rate of exchange, as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions declared in respect of any Index Component which have an ex-dividend date occurring during the Calculation Period [net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty without regard to any tax credits, and less any Expenses]³⁵⁶ [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 reasonable discretion (*billiges Ermessen*)]³⁵⁷;

"**Observation Period**" means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date[,] [or] Issuer Call Date [or Index Early Termination Date, as the case may be];

"**Observation Period Start Time**" means ●;

["**Paying Agent**" means ●³⁵⁸ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

³⁵⁴ Insert alternative source where X-DAX is published.

³⁵⁵ In case of X-Turbo Warrants.

³⁵⁶ In case of Turbo Warrants Call.

³⁵⁷ In case of Turbo Warrants Put.

³⁵⁸ Insert name and address.

“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 system (TARGET2) is open;

“Principal Paying Agent” means ●³⁵⁹, subject to a replacement pursuant to General Condition 8;

“Rate” means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 am Central European Time]³⁶⁰ [11 am London time]³⁶¹ [●].

In the event the Rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the Rate. If at least two quotations are provided, the Rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the Rate by at least two of the Reference Banks then the Calculation Agent will determine the Rate in its reasonable discretion (*billiges Ermessen*).]³⁶² [●]³⁶³ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the Rate;

“Reference Bank” means [each of the principal [euro-zone]³⁶⁴ [London]³⁶⁵ office of four major banks in the [euro-zone interbank market]³⁶⁶ [London interbank market]³⁶⁷ which ordinarily provide quotations for the Rate]³⁶⁸ [●]³⁶⁹;

“Reference Index” means DAX[®] Index [(Bloomberg Code: DAX)] [●]³⁷⁰ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 9.00am Central European Time up to (and including) the Valuation Time ;]³⁷¹

“Reference Price” means, with respect to any day (a **“Reference Day”**) and subject to Product Condition 4, an amount equal to the level of the [Reference] Index published on ● (or on a page replacing such page) [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such level is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the [Reference] Index [at or

³⁵⁹ Insert name and address.

³⁶⁰ In case of EURIBOR.

³⁶¹ In case of LIBOR.

³⁶² In case of EURIBOR and LIBOR.

³⁶³ Insert alternative determination of the Rate.

³⁶⁴ In case of EURIBOR.

³⁶⁵ In case of LIBOR.

³⁶⁶ In case of EURIBOR.

³⁶⁷ In case of LIBOR.

³⁶⁸ In case of EURIBOR and LIBOR.

³⁶⁹ Insert alternative Reference Bank.

³⁷⁰ Insert alternative source where X-DAX is published.

³⁷¹ In case of X-Turbo Warrants.

about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

[If any Index Component closes “limit up” or “limit down” on the Exchange on a Valuation Date [,] [or] Issuer Call Date [or Index Early Termination Date], the level of the Index for such Valuation Date [,] [or] Issuer Call Date [or Index Early Termination Date] will be adjusted by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) to reflect the first succeeding non-limit closing price of the relevant Index Component on the Exchange.]³⁷²

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date [,] [or] Issuer Call Date [or an Index Early Termination Date], Product Condition 3 shall apply accordingly with respect to such Reference Day;

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

“**Relevant Number of Trading Days**” means •;

“**Securities**” means [each Series of Index Open End [Quanto] [Turbo] [X-Turbo] Warrants [Call] [Put] specified herein and each such warrant a “**Security**”. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]³⁷³ [•]³⁷⁴;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means •;]³⁷⁵

“**Settlement Currency**” means •;

“**Strike**” means initially on the Issue Date •. After the Issue Date, the Calculation Agent will determine the Strike [(which shall be deemed to be a monetary value in the Strike Currency)] on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost[.] [; minus
- (c) the Notional Dividend Amount(s)] [.]

[The applicable Strike will be published on the Issuer’s website • (or any successor website)];

“**Strike Currency**” means •;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event] would have been) a day on which the Index

³⁷² In case of Securities where any of the index components is a commodity future contract.

³⁷³ In case of several series.

³⁷⁴ In case of a single series.

³⁷⁵ In case of several series.

Sponsor should calculate and announce the [closing level] [●] of the Index according to its rules;

“**Valuation Date**” means the last Trading Day of [March] [●] in each year, commencing [one year] [●] after the Issue Date. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means the time with reference to which the Index Sponsor calculates the [closing level] [●] of the [Reference] Index, or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

(a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

(i) the Cash Amount

[(A)] following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification [;or

(B) if an Index Early Termination Event has occurred in accordance with Product Condition 5(b) and subject to delivery of a duly completed Certification]; or

(ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder’s Exercise. Provided a Knock-out Event [or Index Early Termination Event] has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 4(b) or (c), 5 or 6 will override a due Exercise[,] [and/or] an Issuer Call [and/or an Index Early Termination].

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event [or Index Early Termination Event], the Securities, in whole but not in part, on any Business Day by giving Securityholders 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 General Condition 3, and shall specify the Issuer Call Date.

- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise[,] [and/or] an Issuer Call [and/or an Index Early Termination] if the Knock-out Event occurs prior to or on the Valuation Date[,] [or] Issuer Call Date [or Index Early Termination Date].
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (g) Notice. The form of the Notice may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Notice shall:

- (i) specify the number of Securities to which it relates;
 - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
 - (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it in the time specified in this Product Condition 2 shall result in such notice being treated as null and void.

The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay 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 Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and a Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date], then the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be]. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be] (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **"Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or any Related Exchange is located; or

- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) on any Exchange(s) in Index Components that comprise 20% or more of the level of the 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 an Index Component is suspended or limited at that time, then the relevant percentage contribution of that Index Component 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 Index Component 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 Index if, in the determination of the Calculation Agent, such suspension or limitation is material.

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 any Exchange or 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 any Exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

[Insert in case the Index or any Index Component is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index or any Index

Component (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Index or any Index Component is denominated from time to time, or the lawful currency of the country in which an Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATION

- (a) If the Index is:
 - (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor which, in the determination of the Calculation Agent, is acceptable to the Calculation Agent (the “**Successor Sponsor**”); or

- (ii) 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 (the “**Successor Index**”),

then the Successor Sponsor will be deemed to be the Index Sponsor and/or the Successor Index will be deemed to be the Index.

- (b) In the event:

- (i) that on or prior to the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] the Index 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 Index Components and other routine events); or

- (ii) that on the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or announce the [Reference] Index,

then the Calculation Agent shall determine the relevant Reference Price using, in lieu of an announced level for the [Reference] Index on the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] the level for the [Reference] Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the [Reference] Index last in effect prior to the change or failure to calculate and/or announce the [Reference] Index, but using only those Index Components that comprised the [Reference] Index immediately prior to the change or failure to calculate and/or announce the [Reference] Index (other than those Index Components that have since ceased to be listed on the relevant Exchange or any other exchange on which the Index Components are listed).

In case of a change or modification in accordance with Product Condition 4(b)(i), the Calculation Agent may deem such modified Index to be the Index so calculated and announced or the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.

- (c) In the event that on or prior to the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor permanently cancels the Index or permanently discontinues the calculation and/or announcement of the Index and no Successor Index exists, the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.

- (d) If the Securities are to be terminated in accordance with Product Condition 4, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the

Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (e) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index.

[Where the Index Components consist of shares, the occurrence of one of the following events may trigger such an adjustment in accordance with this Product Condition 4(e): (i) a distribution or dividend to existing holders of the shares of (A) shares; or (B) 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 (C) 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; (ii) a free distribution or dividend of any shares to existing holders by way of bonus, capitalisation or similar issue; (iii) an extraordinary dividend; (iv) any cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (v) any non-cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (vi) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from (and including) the Issue Date up to (but excluding) the Valuation Date[,] [or] the Issuer Call Date [, or the Index Early Termination Date, as the case may be]; (vii) a distribution of cash dividends on the shares equal to or greater than 8% per annum of the then current market value of the shares; (viii) any other similar event having dilutive or concentrative effect on the theoretical value of the shares.]³⁷⁶

³⁷⁶ Where the Index Components are shares.

- (f) If in the determination of the Calculation Agent any other event similar to any of the above has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions.
- (g) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW [OR FOLLOWING AN INDEX EARLY TERMINATION EVENT]

- [(a)] [Change in Law.] The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- [(b)] Index Early Termination. Following an Index Early Termination Event, the Securities will terminate automatically and the Issuer will as soon as practicable give notice thereof to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event payment shall be made in accordance with Product Condition 2.]

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Index or any Index Components; or (B) instruments related to the Index or any Index Components used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to make an adjustment to the composition of the Index or determine 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;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.

- (c) Each and any of the Issuer's and the Calculation Agent's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX FUTURES CONTRACTS OPEN END [QUANTO] TURBO WARRANTS
[CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]³⁷⁷.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●³⁷⁸, subject to a replacement pursuant to General Condition 8;

“**Calculation Period**” means each period from (but excluding) the Issue Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

[(Final Reference Price – Strike) x Multiplier.]³⁷⁹

[(Strike – Final Reference Price) x Multiplier.]³⁸⁰

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(k);

“**Clearing Agent**” means ●³⁸¹;

“**Current Funding Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets; (b) the availability and cost of capital and credit; (c) interest rates; (d) the announcement or implementation of any new or additional

³⁷⁷ In case of Securities represented by a Global Security.

³⁷⁸ Insert name and address.

³⁷⁹ In case of Turbo Warrants Call.

³⁸⁰ In case of Turbo Warrants Put.

³⁸¹ Insert name and address.

law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power which would impose higher capital ratio requirements for banks; or (e) any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Reference Asset and/or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.] [;]

[The Current Funding Spread on the Issue Date is •;]

["**Emerging Market Disruption Event**" means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or] [,] the Issuer Call Date[or Knock-out Termination Date] by reference to [•³⁸² (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]³⁸³];]

"**Exercise**" means a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b);

"**Exercise Date**" means the • Trading Day preceding the scheduled Valuation Date;

"**Exercise Time**" means •;

"**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

³⁸² Insert relevant page.

³⁸³ In case of Quanto Securities.

such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

“Final Reference Price” means, subject to Product Conditions 3 and 4, (a) following an Exercise, the Reference Asset Price [at or about the Valuation Time] on the Valuation Date or (b) following an Issuer Call, the Reference Asset Price [at or about the Valuation Time] on the Issuer Call Date;

“Funding Cost” means, subject to an adjustment in accordance with Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Strike Currency)], as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Current Funding Spread; multiplied by
- (b) the Strike 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 can be negative[.] [;]]³⁸⁴

[The Funding Cost will be published on the Issuer’s website • (or any successor website);]

[**“Global Security”** has the meaning given in General Condition 2;]³⁸⁵

“Issue Date” means •;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

“Issuer Call Commencement Date” means •;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 2(c). If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

“Issuer Call Notice Period” means •;

[**“Issuing and Paying Agent”** means •³⁸⁶ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“Knock-out Amount” means [EUR 0.001] [•]³⁸⁷;

³⁸⁴ In case of Turbo Warrants Put.

³⁸⁵ In case of Securities represented by a Global Security.

³⁸⁶ Insert name and address.

³⁸⁷ Specify amount.

“Knock-out Barrier” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

[The applicable Knock-out Barrier will be published on the Issuer’s website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

“Knock-out Event” occurs if the price of the Reference Asset published on • (or on a page replacing such page) is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]³⁸⁸ [greater]³⁸⁹ than or equal to the Knock-out Barrier;

“Knock-out Termination Date” means the day on which the Knock-out Event occurs;

“Market Disruption Event” means each event specified as a Market Disruption Event in Product Condition 3;

“Maturity Date” means (a) in case of an Exercise in accordance with Product Condition 2(b), the [third] [•] Business Day following the Valuation Date; or (b) in case of an Issuer Call in accordance with Product Condition 2(c), the [third] [•] Business Day following the Issuer Call Date; or (c) in case of a knock-out in accordance with Product Condition 2(d), the [third] [•] Business Day following the Knock-out Termination Date, as the case may be;

“Maximum Funding Spread” means •;

[**“Multiplier”** means •, subject to an adjustment in accordance with Product Condition 4;]

“Notice” means a notice in accordance with Product Condition 2(g);

“Observation Period” means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date;

“Observation Period Start Time” means •;

[**“Paying Agent”** means •³⁹⁰ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“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 system (TARGET2) is open;

³⁸⁸ In case of Turbo Warrants Call.

³⁸⁹ In case of Turbo Warrants Put.

³⁹⁰ Insert name and address.

“Principal Paying Agent” means •³⁹¹, subject to a replacement pursuant to General Condition 8;

“Reference Asset” means, subject to an adjustment in accordance with Product Condition 4, as of the Issue Date, •³⁹², 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. The substitution of the Reference Asset shall become effective on the first Trading Day following the Rollover Date and the Substitute Asset shall then, for all purposes, be the Reference Asset;

“Reference Asset Price” means, with respect to any day (a **“Reference Day”**) and subject to Product Condition 4, an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on • (or on a page replacing such page) on such Reference Day, adjusted for any market making spreads as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), and without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

“Related Exchange” means each 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 Number of Trading Days” means •;

“Rollover Date” means •;

“Rollover Spread” means the fair value spread calculated as the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread can be negative;

“Securities” means [each Series of Index Futures Contracts Open End [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a **“Security”**. References to the

³⁹¹ Insert name and address.

³⁹² Name and security identification code of the underlying to be inserted.

terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein]³⁹³ [●]³⁹⁴;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]³⁹⁵

“**Settlement Currency**” means ●;

“**Strike**” means initially on the Issue Date ●. After the Issue Date, the Calculation Agent will determine the Strike [(which shall be deemed to be a monetary value in the Strike Currency)] on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; [plus]³⁹⁶[minus]³⁹⁷
- (b) Funding Cost; minus
- (c) if the determination of the Strike is to be made on the Trading Day following a Rollover Date, the corresponding Rollover Spread[.]

[The applicable Strike will be published on the Issuer’s website ● (or any successor website)];

“**Strike Currency**” means ●;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“**Trading Hours**” means with respect to each Exchange its regular scheduled opening hours on each Trading Day;

“**Valuation Date**” means the last Trading Day of [March] [●] in each year, commencing [one year] [●] after the Issue Date. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“**Valuation Time**” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

³⁹³ In case of several series.

³⁹⁴ In case of a single series.

³⁹⁵ In case of several series.

³⁹⁶ In case of Turbo Warrants Call.

³⁹⁷ In case of Turbo Warrants Put.

2. RIGHTS AND PROCEDURES

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:
- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.
- (b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.
- For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.
- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders 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 General Condition 3, and shall specify the Issuer Call Date.
- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (g) Notice. The form of the Notice may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Notice shall:

- (iii) specify the number of Securities to which it relates;
 - (iv) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (v) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (vi) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (vii) include a Certification in accordance with Product Condition 2(k); and
 - (viii) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
- (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it in the time specified in this Product Condition 2 shall result in such notice being treated as null and void.

The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay 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 Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and a Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal

business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date or the Issuer Call Date, then the Valuation Date or the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Asset Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the price of 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
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) 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
- (v) De Minimis Trading. The Issuer’s 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
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) 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 with respect to the Securities.

[Insert in case the Reference Asset is related to one or more emerging market(s):

- (c) **“Emerging Market Disruption Event”** means:
- (i) **Moratorium.** A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) **Exchange Rate Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) **Governmental Default.** With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [•].]

[(c)] [(d)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

(a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.

(b) **"Adjustment Event"** means:

(i) 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

(ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or

(iii) 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 governmental 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[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date,] and/or on each of the three Trading Days following the Valuation Date[,] [or] [Issuer Call Date] [,] [or Knock-out Termination Date,] from what it would have been without that imposition, change or removal; or

(iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or

(v) 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 with respect to the Securities.

(c) Each and any of the Calculation Agent's [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the “**Applicable Law**”). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Early Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Reference Asset; or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.

- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Reference Asset by another index future contract;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities

shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]³⁹⁸.

1. DEFINITIONS

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and a day on which each Clearing Agent is open for business;

“**Calculation Agent**” means ●³⁹⁹, subject to a replacement pursuant to General Condition 8;

“**Calculation Period**” means each period from (but excluding) the Issue Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{400}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{401}$$

The Cash Amount shall not be less than [zero] [●] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest [four] [●] decimal places in the Settlement Currency, [0.00005] [●] being rounded [downwards] [upwards], if necessary;

“**Certification**” means a certification in accordance with Product Condition 2(k);

“**Clearing Agent**” means ●⁴⁰²;

“**Current Funding Spread**” means the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets; (b) the availability and cost of capital and credit; (c) interest rates; (d) the announcement or implementation of any new or additional law, rule, regulation, judgement, order or directive of any governmental, administrative,

³⁹⁸ In case of Securities represented by a Global Security.

³⁹⁹ Insert name and address.

⁴⁰⁰ In case of Turbo Warrants Call.

⁴⁰¹ In case of Turbo Warrants Put.

⁴⁰² Insert name and address.

legislative or judicial authority or power which would impose higher capital ratio requirements for banks; or (e) any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Shares and/or hedging the Securities with futures materially exceeds such market rate as of the Issue Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.] [;]

[The Current Funding Spread on the Issue Date is •;]

["**Emerging Market Disruption Event**" means each event specified as an Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] on the Valuation Date [or] [,] the Issuer Call Date[or Knock-out Termination Date] by reference to [•⁴⁰³ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3] [such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notified to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]⁴⁰⁴;]

"**Exercise**" means a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b);

"**Exercise Date**" means the • Business Day preceding the scheduled Valuation Date;

"**Exercise Time**" means •;

"**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 with respect to such Security;

⁴⁰³ Insert relevant page.

⁴⁰⁴ In case of Quanto Securities.

“Final Reference Price” means, subject to Product Conditions 3 and 4, (a) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date or (b) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date;

“Funding Cost” means, subject to an adjustment in accordance with Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Strike Currency)], as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate [plus]⁴⁰⁵ [minus]⁴⁰⁶ the Current Funding Spread; multiplied by
- (b) the Strike 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 can be negative[.] [;]]⁴⁰⁷

[The Funding Cost will be published on the Issuer’s website • (or any successor website);]

[“**Global Security**” has the meaning given in General Condition 2;]⁴⁰⁸

“Issue Date” means •;

“Issuer” means The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London at 135 Bishopsgate, London EC2M 3UR;

“Issuer Call” means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

“Issuer Call Commencement Date” means •;

“Issuer Call Date” means the day specified as such in the notice delivered in accordance with Product Condition 2(c). If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

“Issuer Call Notice Period” means •;

[“**Issuing and Paying Agent**” means •⁴⁰⁹ and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

“Knock-out Amount” means [EUR 0.001] [•]⁴¹⁰;

“Knock-out Barrier” means an amount equal to the Strike, subject to an adjustment in accordance with Product Condition 4[.] [;]

⁴⁰⁵ In case of Turbo Warrants Call.

⁴⁰⁶ In case of Turbo Warrants Put.

⁴⁰⁷ In case of Turbo Warrants Put.

⁴⁰⁸ In case of Securities represented by a Global Security.

⁴⁰⁹ Insert name and address.

⁴¹⁰ Specify amount.

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)[.] [;]]

[The Knock-out Barrier on the Issue Date is •;]

"Knock-out Event" occurs if the price of the Share on the Exchange is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]⁴¹¹ [greater]⁴¹² than or equal to the Knock-out Barrier;

"Knock-out Termination Date" means the day on which the Knock-out Event occurs;

"Market Disruption Event" means each event specified as a Market Disruption Event in Product Condition 3;

"Maturity Date" means (a) in case of an Exercise in accordance with Product Condition 2(b), the [third] [•] Business Day following the Valuation Date; or (b) in case of an Issuer Call in accordance with Product Condition 2(c), the [third] [•] Business Day following the Issuer Call Date; or (c) in case of a knock-out in accordance with Product Condition 2(d), the [third] [•] Business Day following the Knock-out Termination Date, as the case may be;

"Maximum Funding Spread" means •;

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;]

"Notice" means a notice in accordance with Product Condition 2(g);

"Notional Dividend Amount" means [an amount, where applicable converted into the Strike Currency at the prevailing spot rate of exchange, as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions declared in respect of the Shares which have an ex-dividend date occurring during the Calculation Period [net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty without regard to any tax credits, and less any Expenses]⁴¹³ [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 reasonable discretion (*billiges Ermessen*)]⁴¹⁴;

"Observation Period" means the period from (and including) the Observation Period Start Time on the Issue Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date;

"Observation Period Start Time" means •;

⁴¹¹ In case of Turbo Warrants Call.

⁴¹² In case of Turbo Warrants Put.

⁴¹³ In case of Turbo Warrants Call.

⁴¹⁴ In case of Turbo Warrants Put.

["**Paying Agent**" means ●⁴¹⁵ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"**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 system (TARGET2) is open;

"**Principal Paying Agent**" means ●⁴¹⁶, subject to a replacement pursuant to General Condition 8;

"**Rate**" means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 am Central European Time]⁴¹⁷ [11 am London time]⁴¹⁸ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]⁴¹⁹ [●]⁴²⁰ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;

"**Reference Bank**" means [each of the principal [euro-zone]⁴²¹ [London]⁴²² office of four major banks in the [euro-zone interbank market]⁴²³ [London interbank market]⁴²⁴ which ordinarily provide quotations for the rate]⁴²⁵ [●]⁴²⁶;

"**Reference Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Condition 4, an amount equal to the price of the Share quoted on the Exchange [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Share [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3.

⁴¹⁵ Insert name and address.

⁴¹⁶ Insert name and address.

⁴¹⁷ In case of EURIBOR.

⁴¹⁸ In case of LIBOR.

⁴¹⁹ In case of EURIBOR and LIBOR.

⁴²⁰ Insert alternative determination of the Rate.

⁴²¹ In case of EURIBOR.

⁴²² In case of LIBOR.

⁴²³ In case of EURIBOR.

⁴²⁴ In case of LIBOR.

⁴²⁵ In case of EURIBOR and LIBOR.

⁴²⁶ Insert alternative Reference Bank.

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

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

“Relevant Number of Trading Days” means •;

“Securities” means [each Series of Single Stock Open End [Quanto] Turbo Warrants [Call] [Put] specified herein and each such warrant a **“Security”**]. References to the terms “Securities” and “Security” shall be construed severally with respect to each Series specified herein⁴²⁷ [•]⁴²⁸;

“Securityholder” has the meaning given in General Condition 2;

“Series” means •;⁴²⁹

“Settlement Currency” means •;

“Share” means •⁴³⁰, subject to an adjustment in accordance with Product Condition 4;

“Share Company” means •, subject to an adjustment in accordance with Product Condition 4;

“Strike” means initially on the Issue Date •. After the Issue Date, the Calculation Agent will determine the Strike [(which shall be deemed to be a monetary value in the Strike Currency)] on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost[.] [; minus
- (c) the Notional Dividend Amount(s)] [.]

[The applicable Strike will be published on the Issuer’s website • (or any successor website)];

“Strike Currency” means •;

“Trading Day” means any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging 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;

“Valuation Date” means the last Trading Day of [March] [•] in each year, commencing [one year] [•] after the Issue Date. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

⁴²⁷ In case of several series.

⁴²⁸ In case of a single series.

⁴²⁹ In case of several series.

⁴³⁰ Name, issuer and security identification code of the underlying to be inserted.

“**Valuation Time**” means [the regular close of trading on the Exchange] [●], or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

(a) Securityholder’s Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
- (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder’s Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 4(c), 5 or 6 will override a due Exercise and/or an Issuer Call.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders 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 General Condition 3, and shall specify the Issuer Call Date.

(d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer’s website ● (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.

(e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.

- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.
- (g) Notice. The form of the Notice may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Notice shall:

- (i) specify the number of Securities to which it relates;
 - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
 - (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it in the time specified in this Product Condition 2 shall result in such notice being treated as null and void.

The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay 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 Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

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

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and a Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as

provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.

- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. The form of the Certification may be obtained during normal business hours from the specified office of each [Paying Agent] [Issuing and Paying Agent].

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification 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% 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
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date or the Issuer

Call Date, then the Valuation Date or the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging 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 [or the Emerging Market Disruption Event]) would have been the Valuation Date or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Price.

If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption Event [or the Emerging Market Disruption Event] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. 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) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchangeif, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) 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 with respect to the Securities.

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

[Insert in case the Share is related to one or more emerging market(s):

(c) **“Emerging Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), 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) with respect to 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 with respect to 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 with respect to 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 (if relevant) 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 country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; 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 (if relevant) for an amount which the Issuer determines to be 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 in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Share (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; 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
- (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 with respect to the Securities.

“**Governmental Authority**” means 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 (if relevant).

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means 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 of America] [●].]

[(c)] [(d)] Each and any of the Calculation Agent’s determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATION

(a) 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 Shares and, if so (in this case an “**Adjustment Event**”), will:

- (i) make adjustments, 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 the adjustments.

(b) “**Potential Adjustment Event**” means:

- (i) a subdivision, consolidation or reclassification of the 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 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 (in cash or otherwise) 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 annum of the then current market value of the Shares;
- (v) a call by the Share Company with respect to Shares that are not fully paid;

- (vi) a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
 - (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Shares.
- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company (each also an **“Adjustment Event”**), the Issuer may determine to take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine the adjustment, if any, to be made to any 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; or
 - (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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) (the **“Termination Amount”**).

The Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

“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 date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification of or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all

outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of a Share Company (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 or Knock-out Termination 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) Each and any of the Calculation Agent’s and the Issuer’s determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are not under any obligation to) take into account the adjustments made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange. Furthermore, the occurrence of a Potential Adjustment Event, a De-listing, a Merger Event, a Nationalisation, or an Insolvency (if any) shall be notified as soon as practicable to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination in accordance with this Product Condition 4.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will 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 (the **“Applicable Law”**). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges*

Ermessen) 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 transaction entered into in order to hedge entirely or in part its obligations under the Securities (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) (the “**Early Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS AND EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Shares; or (B) instruments related to the Shares used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) 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.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine:
- (i) to terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the

Securities (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) (the “**Hedging Disruption Termination Amount**”).

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to replace the Share by another share;
 - (iii) to make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer’s determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (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 with respect to the Securities shall 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 amount in the Conditions is 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 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 Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) 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 Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any [Paying Agent] [Issuing and Paying Agent] shall be liable to any Securityholder 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 Product Condition 8, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders 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.]

[8] [9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany, shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9] [10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

FORM OF FINAL TERMS



FINAL TERMS

FINAL TERMS No. •

DATED: •

[COMMODITY] [COMMODITY FUTURES CONTRACTS] [CURRENCY] [INDEX] [INDEX FUTURES CONTRACTS]
[SINGLE STOCK] [OPEN END] [QUANTO] [TURBO] [X-TURBO] WARRANTS [CALL] [PUT]

This document constitutes the final terms (the “**Final Terms**”) of each series of [Open End] Turbo Warrants [Call] [Put] (the “**Securities**”) described herein for purposes of Article 5(4) of the Prospectus Directive and issued by The Royal Bank of Scotland plc, a bank incorporated in Scotland with registered office in Edinburgh acting through its office in London (the “**Issuer**”).

These Final Terms must be read in conjunction with the English language base prospectus of the Issuer relating to Turbo Warrants and Open End Turbo Warrants dated 11 June 2013 as approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; the “**BaFin**”) (the “**Base Prospectus**”). These Final Terms and the Base Prospectus must also be read in connection with the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the “**Registration Document**”) which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the “**FSA**”), as well as in connection with any supplements to the Base Prospectus approved by the BaFin pursuant to Section 16(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) (the “**Supplements**”).

[The Securities will be consolidated and form a single series with the securities with the Series ● (the “**Original Securities**”) described in the final terms dated ● (the “**Original Final Terms**”) with respect to the base prospectus relating to Turbo Warrants and Open End Turbo Warrants dated 1 March 2012 and the supplements relating thereto. The Securities will increase the amount of the Original Securities to a total amount of ●. The sections “Risk Factors” and “General Description of the Securities” of the Base Prospectus will apply to the Securities as consolidated. The Issuer will execute legally binding general conditions and securities-specific product conditions which are identical to the general conditions and the securities-specific product conditions published in the Original Final Terms.]

Complete information on the Issuer and the Securities can only be derived from the Base Prospectus, any Supplements, the Registration Document, as well as these Final Terms.

As long as the Securities are listed on any stock exchange and/or offered to the public, copies of the following documents will be available (a) free of charge upon request from 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, and from the office of each [Paying Agent] [Issuing and Paying Agent] as specified in these Final Terms, and (b) via the Issuer's website ● (or any successor website):

- (a) the Registration Document;
- (b) the Base Prospectus and any Supplements; and
- (c) these Final Terms.

A summary of the individual issue is annexed to these Final Terms.

TOTAL AMOUNT OF THE OFFER [AND SERIES]	[ISIN]	[WKN]	[NDX SHORT NAME]	[COMMON CODE]	[•]	ISSUE PRICE [(INDICATIVE)]
• ⁴³¹	•] ⁴³²	•] ⁴³³	•] ⁴³⁴	•] ⁴³⁵	•] ⁴³⁶	• ⁴³⁷

Admission to trading:

[It is intended to apply for trading of the Securities on the following [stock exchange[s]] [and] [[un]official market[s]] with effect from the issue date: [the *Freiverkehr* of the Frankfurt Stock Exchange (Scoach [Premium] segment)] [and] [the *Freiverkehr* of the Stuttgart Stock Exchange (EUWAX segment)] [•].]

[It is not intended to apply for trading of the Securities on a stock exchange or on an official or unofficial market.]

[To the knowledge of the Issuer, securities of the same class of the Securities to be offered or admitted to trading are already admitted to trading on •.] [To the knowledge of the Issuer, securities of the same class of the Securities to be offered or admitted to trading are not yet admitted to trading on a regulated market or equivalent market.]

Public offer:

Commencement of the public offer: •

[End of the public offer: •. The offer period may be extended or shortened.]

Country/Countries: •

[Interests of natural and legal persons involved in the issue/offer:

•]

Details of where information on the underlying can be obtained [and information sourced from a third party]:

Information on the underlying of the Securities can be obtained via the Issuer and on the Issuer's website • (or any successor website) [and on •]. [The Issuer accepts responsibility that information set out in these Final Terms which has been sourced from a third party has been correctly reproduced. As far as the Issuer is aware and is

⁴³¹ This option may be used multiple times.

⁴³² This option may be used multiple times.

⁴³³ This option may be used multiple times.

⁴³⁴ This option may be used multiple times.

⁴³⁵ This option may be used multiple times.

⁴³⁶ Other securities code to be inserted. This option may be used multiple times.

⁴³⁷ This option may be used multiple times. Agio needs to be specified if applicable. If Issue Price is not specified, the criteria and/or conditions in accordance with which the Issue Price will be determined need to be disclosed.

able to ascertain from the information published, no facts have been omitted that would lead to the information reproduced herein becoming inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, the Issuer accepts no responsibility with respect to the accuracy or completeness of the information set forth herein concerning the Underlying of the Securities or that there has not occurred any event which would affect the accuracy or completeness of such information.] [●]⁴³⁸

Risk factors:

A description of the risk factors related to the underlying of the Securities is set out in the section “Risk Factors” under the heading “2. Risk Factors related to the Securities” with the sub-heading “2.2 Risks relating to the Underlying”, with the section[s] [“Special risks associated with commodities”] [“Special risks associated with futures contracts”] [“Special risks associated with indices”] [[,] [and] “Special risks associated with volatility Underlyings”] [“Special risks associated with shares”] [“Special risks associated with currencies”] [and “Special risks associated with emerging market underlyings”] of the Base Prospectus.

General description of the Securities:

A description related to the specific structure of the Securities is set out under the heading [“Turbo Warrants Call”] [“Turbo Warrants Put”] [“Open End Turbo Warrants Call”] [“Open End Turbo Warrants Put”] in the section “General Description of the Securities” of the Base Prospectus.

⁴³⁸ Include details of where information on the Underlying can be obtained, including the past and future performance and volatility of the Underlying. Where the Underlying is an index, include the name of the index and include details of where the information about the index can be obtained. Where the Underlying is not an index include equivalent information.

CONDITIONS: GENERAL CONDITIONS

•⁴³⁹

⁴³⁹ Completed General Conditions to be inserted.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO [COMMODITY] [COMMODITY FUTURES CONTRACTS] [CURRENCY] [INDEX]
[INDEX FUTURES CONTRACTS] [SINGLE STOCK] [OPEN END] [QUANTO] [TURBO]
[X-TURBO] WARRANTS [CALL] [PUT]

•⁴⁴⁰

⁴⁴⁰ Completed Product Conditions to be inserted.

ANNEX TO THE FINAL TERMS – SUMMARY

•⁴⁴¹

⁴⁴¹ Completed Summary to be inserted.

SIGNATURE PAGE

London, 11 June 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory