

14 November 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 13 JUNE 2014 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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 (i) 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 (ii) via the website of BNP Paribas at www.derivate.bnpparibas.com/rbsprodukte (or any successor website).

The purpose of this Supplement is to update the Base Prospectus with respect to the announcement by The Royal Bank of Scotland plc (the "**Issuer**") entitled "RBS reaches FX settlements – RBS reaches settlements with certain regulators regarding misconduct in Foreign Exchange trading" which was published on 12 November 2014.

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 in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document which was published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 7 March 2014, excluding:
 - (i) 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", and limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013";
 - (ii) the subsection "Assets, owners' equity and capital ratios" in the section entitled "Description of The Royal Bank of Scotland plc" on page 28;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" in the section "General Information" on page 70; and
 - (iv) items (a) to (f) in the section entitled "Documents Incorporated by Reference" on pages 74 to 76;
2. the Annual Report and Accounts 2013 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 2013 (excluding the sections headed "Financial Review – Risk Factors" on pages 7 and 8 and "Additional Information – Risk Factors" on pages 331 to 346) which were published via the RNS on 25 April 2014;
3. 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;
4. the unaudited Interim Results 2014 of the Issuer for the half year ended 30 June 2014 which were published via the RNS on 29 August 2014;
5. the following sections of the Annual Report and Accounts 2013 of RBSG which were published via the RNS on 25 April 2014:

- (i) Independent auditor's report on pages 366 to 369;
- (ii) Consolidated income statement on page 370;
- (iii) Consolidated statement of comprehensive income on page 371;
- (iv) Consolidated balance sheet as at 31 December 2013 on page 372;
- (v) Consolidated statement of changes in equity on pages 373 to 375;
- (vi) Consolidated cash flow statement on page 376;
- (vii) Accounting policies on pages 377 to 390;
- (viii) Notes on the consolidated accounts on pages 391 to 496;
- (ix) Parent company financial statements and notes on pages 497 to 507;
- (x) 2013 Financial Results on pages 2 to 5;
- (xi) Our business model and strategy on pages 8 to 10;
- (xii) RBS at a glance on pages 11 to 19;
- (xiii) Chairman's statement on pages 22 to 23;
- (xiv) Chief Executive's review on pages 24 to 27;
- (xv) Economic and monetary environment on page 28;
- (xvi) Business review on pages 100 to 173;
- (xvii) Risk and Balance Sheet Management on pages 174 to 364;
- (xviii) Letter from the Chairman on pages 36 to 37;
- (xix) Our governance structure on page 38;
- (xx) Corporate governance on pages 45 to 49;
- (xxi) Directors' remuneration report on pages 66 to 86;
- (xxii) Other Remuneration Disclosures on pages 87 to 90;
- (xxiii) Compliance report on pages 91 to 92;
- (xxiv) Report of the Directors on pages 93 to 98;
- (xxv) Statement of directors' responsibilities on page 99;
- (xxvi) Financial Summary on pages 509 to 519;
- (xxvii) Exchange rates on page 519;
- (xxviii) Supervision on page 520;
- (xxix) Description of property and equipment on page 520;
- (xxx) Major shareholders on page 521;

- (xxxi) Material contracts on pages 521 to 522;
 - (xxxii) Abbreviations and acronyms on page 548; and
 - (xxxiii) Glossary of terms on pages 549 to 556;
6. 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;
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 - (x) Essential reading – 2012 Financial Results on page 2;
 - (xi) Chairman's statement on pages 10 to 11;
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 - (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;
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 - (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;
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- (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;
7. the unaudited Interim Management Statement Q3 2014 of RBSG for the third quarter ended 30 September 2014 (excluding the last sentence on page 39) which was published via the RNS on 31 October 2014;
 8. the unaudited Interim Results 2014 of RBSG for the six months ended 30 June 2014 which were published via the RNS on 1 August 2014;
 9. the unaudited Interim Management Statement Q1 2014 of RBSG for the first quarter ended 31 March 2014 which was published via the RNS on 2 May 2014;
 10. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published by RBSG via the RNS on 4 April 2014;
 11. the press release entitled "RBS announces an agreement with HMT to provide for the future retirement of the Dividend Access Share and revised State aid terms" which was published by RBSG via the RNS on 9 April 2014;
 12. the press release entitled "Board Change" which was published by RBSG via the RNS on 2 May 2014;
 13. the press release entitled "Statement on the publication of the 2014 EBA EU-wide stress test results" which was published by RBSG via the RNS on 27 October 2014;
 14. the press release entitled "RBS reaches FX settlements – RBS reaches settlements with certain regulators regarding misconduct in Foreign Exchange trading" which was published by the Issuer via the RNS on 12 November 2014; and
 15. the Conditions 2013 (incorporated on page 96 of this Base Prospectus).

The documents referred to above in 1. to 14. were filed with the FCA. The document referred to in 15. 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 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, 14 November 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

5 November 2014

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TO THE FOLLOWING BASE PROSPECTUS

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

BASE PROSPECTUS DATED 13 JUNE 2014 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.

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The purpose of this Supplement is to update the Base Prospectus with respect to the unaudited Interim Management Statement Q3 2014 of The Royal Bank of Scotland Group plc ("**RBSG**") for the third quarter ended 30 September 2014 which was published on 31 October 2014.

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

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 13. the press release entitled "Statement on the publication of the 2014 EBA EU-wide stress test results" which was published by RBSG via the RNS on 27 October 2014; and
 14. the Conditions 2013 (incorporated on page 96 of this Base Prospectus).

The documents referred to above in 1. to 13. were filed with the FCA. The document referred to in 14. 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 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 November 2014

The Royal Bank of Scotland plc

By:

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JÖRN PEGLOW
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27 October 2014

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TO THE FOLLOWING BASE PROSPECTUS

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

BASE PROSPECTUS DATED 13 JUNE 2014 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

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

(FIFTH 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.

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The purpose of this Supplement is to update the Base Prospectus with respect to the announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Statement on the publication of the 2014 EBA EU-wide stress test results" which was published on 27 October 2014, providing information on the results of the EU-wide stress test announced by the European Banking Authority and the UK Prudential Regulation Authority.

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Signature

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30 September 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 13 JUNE 2014 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

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

(FOURTH 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 announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Q3 2014 Trading Update and Presentation at Bank of America Merrill Lynch Banking & Insurance Conference" which was published on 30 September 2014, providing updated information on the financial performance of RBSG during the third quarter of 2014. The figures quoted in the announcement are preliminary estimates and unaudited.

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 in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document which was published via the Regulatory News Service of the London Stock Exchange plc (the "RNS") on 7 March 2014, excluding:
 - (i) 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", and limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013";
 - (ii) the subsection "Assets, owners' equity and capital ratios" in the section entitled "Description of The Royal Bank of Scotland plc" on page 28;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" in the section "General Information" on page 70; and
 - (iv) items (a) to (f) in the section entitled "Documents Incorporated by Reference" on pages 74 to 76;
2. the Annual Report and Accounts 2013 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 2013 (excluding the sections headed "Financial Review – Risk Factors" on pages 7 and 8 and "Additional Information – Risk Factors" on pages 331 to 346) which were published via the RNS on 25 April 2014;
3. 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;
4. the unaudited Interim Results 2014 of the Issuer for the half year ended 30 June 2014 which were published via the RNS on 29 August 2014;
5. the following sections of the Annual Report and Accounts 2013 of RBSG which were published via the RNS on 25 April 2014:

- (i) Independent auditor's report on pages 366 to 369;
- (ii) Consolidated income statement on page 370;
- (iii) Consolidated statement of comprehensive income on page 371;
- (iv) Consolidated balance sheet as at 31 December 2013 on page 372;
- (v) Consolidated statement of changes in equity on pages 373 to 375;
- (vi) Consolidated cash flow statement on page 376;
- (vii) Accounting policies on pages 377 to 390;
- (viii) Notes on the consolidated accounts on pages 391 to 496;
- (ix) Parent company financial statements and notes on pages 497 to 507;
- (x) 2013 Financial Results on pages 2 to 5;
- (xi) Our business model and strategy on pages 8 to 10;
- (xii) RBS at a glance on pages 11 to 19;
- (xiii) Chairman's statement on pages 22 to 23;
- (xiv) Chief Executive's review on pages 24 to 27;
- (xv) Economic and monetary environment on page 28;
- (xvi) Business review on pages 100 to 173;
- (xvii) Risk and Balance Sheet Management on pages 174 to 364;
- (xviii) Letter from the Chairman on pages 36 to 37;
- (xix) Our governance structure on page 38;
- (xx) Corporate governance on pages 45 to 49;
- (xxi) Directors' remuneration report on pages 66 to 86;
- (xxii) Other Remuneration Disclosures on pages 87 to 90;
- (xxiii) Compliance report on pages 91 to 92;
- (xxiv) Report of the Directors on pages 93 to 98;
- (xxv) Statement of directors' responsibilities on page 99;
- (xxvi) Financial Summary on pages 509 to 519;
- (xxvii) Exchange rates on page 519;
- (xxviii) Supervision on page 520;
- (xxix) Description of property and equipment on page 520;
- (xxx) Major shareholders on page 521;

- (xxxi) Material contracts on pages 521 to 522;
 - (xxxii) Abbreviations and acronyms on page 548; and
 - (xxxiii) Glossary of terms on pages 549 to 556;
6. 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;
 - (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;
7. the unaudited Interim Results 2014 of RBSG for the six months ended 30 June 2014 which were published via the RNS on 1 August 2014;
 8. the unaudited Interim Management Statement Q1 2014 of RBSG for the first quarter ended 31 March 2014 which was published via the RNS on 2 May 2014;
 9. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published by RBSG via the RNS on 4 April 2014;
 10. the press release entitled "RBS announces an agreement with HMT to provide for the future retirement of the Dividend Access Share and revised State aid terms" which was published by RBSG via the RNS on 9 April 2014;
 11. the press release entitled "Board Change" which was published by RBSG via the RNS on 2 May 2014;
 12. the press release entitled "Scottish Referendum" which was published by RBSG via the RNS on 11 September 2014;
 13. the press release entitled "Q3 2014 Trading Update and Presentation at Bank of America Merrill Lynch Banking & Insurance Conference" which was published by RBSG via the RNS on 30 September 2014; and
 14. the Conditions 2013 (incorporated on page 96 of this Base Prospectus).

The documents referred to above in 1. to 13. were filed with the FCA. The document referred to in 14. 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 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, 30 September 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

16 September 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 13 JUNE 2014 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

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

(THIRD 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 unaudited interim results 2014 of The Royal Bank of Scotland plc (the "**Issuer**") for the half year ended 30 June 2014 which were published on 29 August 2014; and

(ii) to update the Base Prospectus with respect to the announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Scottish Referendum" which was published on 11 September 2014 indicating that RBSG believes that in the event of a "Yes" vote on the independence of Scotland it would be necessary to re-domicile the bank's holding company (RBSG) and the Issuer to England.

1. In the Base Prospectus, in the section Summary "SUMMARY", Element B.12 shall be replaced as follows:

B.12	SELECTED HISTORICAL KEY FINANCIAL INFORMATION OF THE ISSUER																																																						
	<p>Selected financial information of the Issuer for the years ended 31 December 2013 and 31 December 2012</p> <p>The following table summarises certain financial information of the Issuer for its financial years ended 31 December 2013 and 31 December 2012 and has been extracted without adjustment from the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2013 which were prepared in accordance with International Financial Reporting Standards (IFRS).</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;"><i>Year ended</i> <i>31 December 2013</i></th> <th style="text-align: right; width: 20%;"><i>Year ended</i> <i>31 December 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>£m (audited)</i></th> <th style="text-align: right;"><i>£m (audited)</i></th> </tr> </thead> <tbody> <tr> <td>Operating loss before tax.....</td> <td style="text-align: right;">(6,761)</td> <td style="text-align: right;">(3,524)</td> </tr> <tr> <td>Tax charge.....</td> <td style="text-align: right;">(503)</td> <td style="text-align: right;">(336)</td> </tr> <tr> <td>Loss for the year.....</td> <td style="text-align: right; border-top: 1px solid black;">(7,264)</td> <td style="text-align: right; border-top: 1px solid black;">(3,860)</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;"><i>31 December 2013</i></th> <th style="text-align: right; width: 20%;"><i>31 December 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>£m (audited)</i></th> <th style="text-align: right;"><i>£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;">42,177</td> <td style="text-align: right;">52,679</td> </tr> <tr> <td>Owners' equity.....</td> <td style="text-align: right; border-top: 1px solid black;">48,786</td> <td style="text-align: right; border-top: 1px solid black;">59,288</td> </tr> <tr> <td>Non-controlling interests.....</td> <td style="text-align: right;">79</td> <td style="text-align: right;">137</td> </tr> <tr> <td>Subordinated liabilities.....</td> <td style="text-align: right;">33,134</td> <td style="text-align: right;">33,851</td> </tr> <tr> <td>Capital resources.....</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">81,999</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">93,276</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;"><i>31 December 2013</i></th> <th style="text-align: right; width: 20%;"><i>31 December 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>£m (audited)</i></th> <th style="text-align: right;"><i>£m (audited)</i></th> </tr> </thead> <tbody> <tr> <td>Deposits.....</td> <td style="text-align: right;">537,467</td> <td style="text-align: right;">621,457</td> </tr> <tr> <td>Loans and advances to customers and banks.....</td> <td style="text-align: right;">505,583</td> <td style="text-align: right;">576,904</td> </tr> <tr> <td>Total assets.....</td> <td style="text-align: right;">1,019,934</td> <td style="text-align: right;">1,284,274</td> </tr> </tbody> </table> <p>Selected financial information of the Issuer for the half years ended 30 June 2014 and 30 June 2013</p> <p>The following table summarises certain financial information of the Issuer for the half years ended 30 June 2014 and 30 June 2013 and has been extracted without adjustment from the unaudited interim results of the Issuer for the half year ended 30 June 2014.</p>		<i>Year ended</i> <i>31 December 2013</i>	<i>Year ended</i> <i>31 December 2012</i>		<i>£m (audited)</i>	<i>£m (audited)</i>	Operating loss before tax.....	(6,761)	(3,524)	Tax charge.....	(503)	(336)	Loss for the year.....	(7,264)	(3,860)		<i>31 December 2013</i>	<i>31 December 2012</i>		<i>£m (audited)</i>	<i>£m (audited)</i>	Called-up share capital.....	6,609	6,609	Reserves.....	42,177	52,679	Owners' equity.....	48,786	59,288	Non-controlling interests.....	79	137	Subordinated liabilities.....	33,134	33,851	Capital resources.....	81,999	93,276		<i>31 December 2013</i>	<i>31 December 2012</i>		<i>£m (audited)</i>	<i>£m (audited)</i>	Deposits.....	537,467	621,457	Loans and advances to customers and banks.....	505,583	576,904	Total assets.....	1,019,934	1,284,274
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<i>Half Year ended 30 June</i>		
	<i>2014</i>	<i>2013</i>
	<i>£m (unaudited)</i>	<i>£m (unaudited)</i>
Operating profit before tax	2,170	1,411
Tax charge.....	(672)	(771)
Profit for the period	1,498	640
<i>As at 31 December</i>		
	<i>As at 30 June 2014</i>	<i>2013</i>
	<i>£m (unaudited)</i>	<i>£m (audited)</i>
Called-up share capital	6,609	6,609
Reserves.....	43,224	42,177
Owners' equity.....	49,833	48,786
Non-controlling interests	79	79
Subordinated liabilities	31,628	33,134
Capital resources.....	81,540	81,999
<i>As at 31 December</i>		
	<i>As at 30 June 2014</i>	<i>2013</i>
	<i>£m (unaudited)</i>	<i>£m (audited)</i>
Deposits.....	532,103	537,467
Loans and advances to customers and banks....	505,589	505,583
Total assets	1,005,651	1,019,934
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 2013.		
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 2014.		

2. In the Base Prospectus, in the section "**GERMAN LANGUAGE VERSION OF THE SUMMARY – DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG**", Element B.12 shall be replaced as follows:

B.12	AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN																																																																					
	<p>Ausgewählte Finanzinformationen der Emittentin für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Jahre</p> <p>Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Finanzjahre der Emittentin zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem geprüften konsolidierten Abschluss der Emittentin für das zum 31. Dezember 2013 endende Jahr entnommen, der gemäß den Internationalen Rechnungslegungsstandards (<i>International Financial Reporting Standards</i> (IFRS)) erstellt wurde.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;"><i>Zum</i></th> <th style="text-align: right; width: 20%;"><i>Zum</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>31. Dezember 2013</i></th> <th style="text-align: right;"><i>31. Dezember 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>endendes Jahr</i></th> <th style="text-align: right;"><i>endendes Jahr</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> </tr> </thead> <tbody> <tr> <td>Operativer Verlust vor Steuern.....</td> <td style="text-align: right;">(6.761)</td> <td style="text-align: right;">(3.524)</td> </tr> <tr> <td>Steueraufwand.....</td> <td style="text-align: right;">(503)</td> <td style="text-align: right;">(336)</td> </tr> <tr> <td>Verlust für das Jahr.....</td> <td style="text-align: right; border-top: 1px solid black;">(7.264)</td> <td style="text-align: right; border-top: 1px solid black;">(3.860)</td> </tr> <tr> <td colspan="3" style="border-top: 3px double black; height: 0px;"></td> </tr> <tr> <th></th> <th style="text-align: right;"><i>31. Dezember 2013</i></th> <th style="text-align: right;"><i>31. Dezember 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> <th style="text-align: right;"><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;">42.177</td> <td style="text-align: right;">52.679</td> </tr> <tr> <td>Eigenkapital</td> <td style="text-align: right;">48.786</td> <td style="text-align: right;">59.288</td> </tr> <tr> <td>Beteiligungen ohne beherrschenden Einfluss....</td> <td style="text-align: right;">79</td> <td style="text-align: right;">137</td> </tr> <tr> <td>Nachrangige Verbindlichkeiten</td> <td style="text-align: right;">33.134</td> <td style="text-align: right;">33.851</td> </tr> <tr> <td>Kapitalvermögen.....</td> <td style="text-align: right; border-top: 1px solid black;">81.999</td> <td style="text-align: right; border-top: 1px solid black;">93.276</td> </tr> <tr> <td colspan="3" style="border-top: 3px double black; height: 0px;"></td> </tr> <tr> <th></th> <th style="text-align: right;"><i>31. Dezember 2013</i></th> <th style="text-align: right;"><i>31. Dezember 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> </tr> <tr> <td>Einlagen.....</td> <td style="text-align: right;">537.467</td> <td style="text-align: right;">621.457</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;">505.583</td> <td style="text-align: right;">576.904</td> </tr> <tr> <td>Gesamtvermögen</td> <td style="text-align: right;">1.019.934</td> <td style="text-align: right;">1.284.274</td> </tr> </tbody> </table> <p>Ausgewählte Finanzinformationen der Emittentin für die zum 30. Juni 2014 und 30. Juni 2013 endenden Halbjahre</p> <p>Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum</p>		<i>Zum</i>	<i>Zum</i>		<i>31. Dezember 2013</i>	<i>31. Dezember 2012</i>		<i>endendes Jahr</i>	<i>endendes Jahr</i>		<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>	Operativer Verlust vor Steuern.....	(6.761)	(3.524)	Steueraufwand.....	(503)	(336)	Verlust für das Jahr.....	(7.264)	(3.860)					<i>31. Dezember 2013</i>	<i>31. Dezember 2012</i>		<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>	Eingefordertes Aktienkapital	6.609	6.609	Rücklagen.....	42.177	52.679	Eigenkapital	48.786	59.288	Beteiligungen ohne beherrschenden Einfluss....	79	137	Nachrangige Verbindlichkeiten	33.134	33.851	Kapitalvermögen.....	81.999	93.276					<i>31. Dezember 2013</i>	<i>31. Dezember 2012</i>		<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>	Einlagen.....	537.467	621.457	Kredite und Vorauszahlungen an			Kunden und Banken	505.583	576.904	Gesamtvermögen	1.019.934	1.284.274
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Zum 30. Juni endendes Halbjahr

	<i>2014</i>	<i>2013</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Operativer Gewinn vor Steuern.....	2.170	1.411
Steueraufwand.....	(672)	(771)
Gewinn für den Zeitraum.....	1.498	640

	<i>30. Juni 2014</i>	<i>31. Dezember 2013</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (geprüft)</i>
Eingefordertes Aktienkapital	6.609	6.609
Rücklagen	43.224	42.177
Eigenkapital	49.833	48.786
Beteiligungen ohne beherrschenden Einfluss.....	79	79
Nachrangige Verbindlichkeiten	31.628	33.134
Kapitalvermögen	81.540	81.999

	<i>30. Juni 2014</i>	<i>31. Dezember 2013</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (geprüft)</i>
Einlagen	532.103	537.467
Kredite und Vorauszahlungen an Kunden und Banken.....	505.589	505.583
Gesamtvermögen	1.005.651	1.019.934

KEINE WESENTLICHEN NEGATIVEN VERÄNDERUNGEN IN DEN AUSSICHTEN DER EMITTENTIN

Seit dem 31. Dezember 2013 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 2014 hat es keine wesentlichen Veränderungen in der Finanzlage der Emittentengruppe als Ganzes gegeben.

3. In the Base Prospectus, in the section "**INFORMATION ABOUT THE ISSUER**", the first paragraph of 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 2014 (the end of the last financial period for which unaudited financial information of the Issuer Group has been published).

4. 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 in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document which was published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 7 March 2014, excluding:
 - (i) 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", and limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013";
 - (ii) the subsection "Assets, owners' equity and capital ratios" in the section entitled "Description of The Royal Bank of Scotland plc" on page 28;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" in the section "General Information" on page 70; and
 - (iv) items (a) to (f) in the section entitled "Documents Incorporated by Reference" on pages 74 to 76;
2. the Annual Report and Accounts 2013 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 2013 (excluding the sections headed "Financial Review – Risk Factors" on pages 7 and 8 and "Additional Information – Risk Factors" on pages 331 to 346) which were published via the RNS on 25 April 2014;
3. 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;
4. the unaudited Interim Results 2014 of the Issuer for the half year ended 30 June 2014 which were published via the RNS on 29 August 2014;
5. the following sections of the Annual Report and Accounts 2013 of RBSG which were published via the RNS on 25 April 2014:

- (i) Independent auditor's report on pages 366 to 369;
- (ii) Consolidated income statement on page 370;
- (iii) Consolidated statement of comprehensive income on page 371;
- (iv) Consolidated balance sheet as at 31 December 2013 on page 372;
- (v) Consolidated statement of changes in equity on pages 373 to 375;
- (vi) Consolidated cash flow statement on page 376;
- (vii) Accounting policies on pages 377 to 390;
- (viii) Notes on the consolidated accounts on pages 391 to 496;
- (ix) Parent company financial statements and notes on pages 497 to 507;
- (x) 2013 Financial Results on pages 2 to 5;
- (xi) Our business model and strategy on pages 8 to 10;
- (xii) RBS at a glance on pages 11 to 19;
- (xiii) Chairman's statement on pages 22 to 23;
- (xiv) Chief Executive's review on pages 24 to 27;
- (xv) Economic and monetary environment on page 28;
- (xvi) Business review on pages 100 to 173;
- (xvii) Risk and Balance Sheet Management on pages 174 to 364;
- (xviii) Letter from the Chairman on pages 36 to 37;
- (xix) Our governance structure on page 38;
- (xx) Corporate governance on pages 45 to 49;
- (xxi) Directors' remuneration report on pages 66 to 86;
- (xxii) Other Remuneration Disclosures on pages 87 to 90;
- (xxiii) Compliance report on pages 91 to 92;
- (xxiv) Report of the Directors on pages 93 to 98;
- (xxv) Statement of directors' responsibilities on page 99;
- (xxvi) Financial Summary on pages 509 to 519;
- (xxvii) Exchange rates on page 519;
- (xxviii) Supervision on page 520;
- (xxix) Description of property and equipment on page 520;
- (xxx) Major shareholders on page 521;

- (xxxi) Material contracts on pages 521 to 522;
 - (xxxii) Abbreviations and acronyms on page 548; and
 - (xxxiii) Glossary of terms on pages 549 to 556;
6. 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;
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 - (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;
 - (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;
7. the unaudited Interim Results 2014 of RBSG for the six months ended 30 June 2014 which were published via the RNS on 1 August 2014;
 8. the unaudited Interim Management Statement Q1 2014 of RBSG for the first quarter ended 31 March 2014 which was published via the RNS on 2 May 2014;
 9. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published by RBSG via the RNS on 4 April 2014;
 10. the press release entitled "RBS announces an agreement with HMT to provide for the future retirement of the Dividend Access Share and revised State aid terms" which was published by RBSG via the RNS on 9 April 2014;
 11. the press release entitled "Board Change" which was published by RBSG via the RNS on 2 May 2014;
 12. the press release entitled "Scottish Referendum" which was published by RBSG via the RNS on 11 September 2014; and
 13. the Conditions 2013 (incorporated on page 96 of this Base Prospectus).

The documents referred to above in 1. to 12. were filed with the FCA. The document referred to in 13. 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 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, 16 September 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

1 August 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 13 JUNE 2014 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

RELATING TO

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

(SECOND 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 unaudited interim results 2014 of The Royal Bank of Scotland Group plc ("**RBSG**") for the six months ended 30 June 2014 which were published on 1 August 2014.

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 in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

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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, 1 August 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

25 July 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 13 JUNE 2014

RELATING TO

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

(FIRST 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 unaudited preliminary interim results 2014 for the six months ended 30 June 2014 of The Royal Bank of Scotland Group plc ("**RBSG**") which were published on 25 July 2014.

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 in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document which was published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 7 March 2014, excluding:
 - (i) 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", and limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013";
 - (ii) the subsection "Assets, owners' equity and capital ratios" in the section entitled "Description of The Royal Bank of Scotland plc" on page 28;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" in the section "General Information" on page 70; and
 - (iv) items (a) to (f) in the section entitled "Documents Incorporated by Reference" on pages 74 to 76;
2. the Annual Report and Accounts 2013 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 2013 (excluding the sections headed "Financial Review – Risk Factors" on pages 7 and 8 and "Additional Information – Risk Factors" on pages 331 to 346) which were published via the RNS on 25 April 2014;
3. 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;
4. the following sections of the Annual Report and Accounts 2013 of RBSG which were published via the RNS on 25 April 2014:
 - (i) Independent auditor's report on pages 366 to 369;
 - (ii) Consolidated income statement on page 370;

- (iii) Consolidated statement of comprehensive income on page 371;
- (iv) Consolidated balance sheet as at 31 December 2013 on page 372;
- (v) Consolidated statement of changes in equity on pages 373 to 375;
- (vi) Consolidated cash flow statement on page 376;
- (vii) Accounting policies on pages 377 to 390;
- (viii) Notes on the consolidated accounts on pages 391 to 496;
- (ix) Parent company financial statements and notes on pages 497 to 507;
- (x) 2013 Financial Results on pages 2 to 5;
- (xi) Our business model and strategy on pages 8 to 10;
- (xii) RBS at a glance on pages 11 to 19;
- (xiii) Chairman's statement on pages 22 to 23;
- (xiv) Chief Executive's review on pages 24 to 27;
- (xv) Economic and monetary environment on page 28;
- (xvi) Business review on pages 100 to 173;
- (xvii) Risk and Balance Sheet Management on pages 174 to 364;
- (xviii) Letter from the Chairman on pages 36 to 37;
- (xix) Our governance structure on page 38;
- (xx) Corporate governance on pages 45 to 49;
- (xxi) Directors' remuneration report on pages 66 to 86;
- (xxii) Other Remuneration Disclosures on pages 87 to 90;
- (xxiii) Compliance report on pages 91 to 92;
- (xxiv) Report of the Directors on pages 93 to 98;
- (xxv) Statement of directors' responsibilities on page 99;
- (xxvi) Financial Summary on pages 509 to 519;
- (xxvii) Exchange rates on page 519;
- (xxviii) Supervision on page 520;
- (xxix) Description of property and equipment on page 520;
- (xxx) Major shareholders on page 521;
- (xxxii) Material contracts on pages 521 to 522;
- (xxxii) Abbreviations and acronyms on page 548; and

- (xxxiii) Glossary of terms on pages 549 to 556;
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;
 - (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 unaudited Preliminary Interim Results 2014 for the six months ended 30 June 2014 which were published by RBSG via the RNS on 25 July 2014;
 7. the unaudited Interim Management Statement Q1 2014 of RBSG for the first quarter ended 31 March 2014 which was published by RBSG via the RNS on 2 May 2014;
 8. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published by RBSG via the RNS on 4 April 2014;
 9. the press release entitled "RBS announces an agreement with HMT to provide for the future retirement of the Dividend Access Share and revised State aid terms" which was published by RBSG via the RNS on 9 April 2014;
 10. the press release entitled "Board Change" which was published by RBSG via the RNS on 2 May 2014; and
 11. the Conditions 2013 (incorporated on page 96 of this Base Prospectus).

The documents referred to above in 1. to 10. were filed with the FCA. The document referred to in 11. 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 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, 25 July 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

13 June 2014

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 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**”).

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 and the final terms 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 and the final terms before the legal proceedings are initiated.</p> <p>The persons who assume the responsibility for the summary, including the translation thereof, or who initiated it, may be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the base prospectus and the final terms or it does not provide, when read together with the other parts of the base prospectus and the final terms, all required key information. The Royal Bank of Scotland plc (the “Issuer”) has assumed the responsibility for the summary and the translation of the summary.</p>
A.2	CONSENT
	<p>CONSENT TO USE THE BASE PROSPECTUS AND ANY SUPPLEMENTS TOGETHER WITH THE FINAL TERMS</p> <p>The Royal Bank of Scotland plc consents to the use of its base prospectus dated 13 June</p>

	2014 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 is valid in accordance with Section 9 of the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i> ; the “ WpPG ”).
	OFFER PERIOD
	The subsequent resale or final placement of the Securities by financial intermediaries can be made as long as the Base Prospectus is valid in accordance with Section 9 WpPG.
	CONDITIONS ATTACHED TO THE CONSENT
	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.
	NOTICE TO INVESTORS
	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.

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 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
	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): 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 run-down 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.

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 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

<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The actual or perceived failure or worsening credit of the Group's counterparties or</p>
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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</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</p>

	<p>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 <p>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.</p>
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 2013 and 31 December 2012</p> <p>The following table summarises certain financial information of the Issuer for its financial years ended 31 December 2013 and 31 December 2012 and has been extracted without adjustment from the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2013 which were prepared in accordance with International Financial Reporting Standards (IFRS).</p>

	<i>Year ended</i> <i>31 December 2013</i> <i>£m (audited)</i>	<i>Year ended</i> <i>31 December 2012</i> <i>£m (audited)</i>
Operating loss before tax.....	(6,761)	(3,524)
Tax charge.....	(503)	(336)
Loss for the year.....	<u>(7,264)</u>	<u>(3,860)</u>
	<i>31 December 2013</i> <i>£m (audited)</i>	<i>31 December 2012</i> <i>£m (audited)</i>
Called-up share capital.....	6,609	6,609
Reserves.....	42,177	52,679
Owners' equity.....	48,786	59,288
Non-controlling interests.....	79	137
Subordinated liabilities.....	33,134	33,851
Capital resources.....	<u>81,999</u>	<u>93,276</u>
	<i>31 December 2013</i> <i>£m (audited)</i>	<i>31 December 2012</i> <i>£m (audited)</i>
Deposits.....	537,467	621,457
Loans and advances to customers and banks.....	505,583	576,904
Total assets.....	1,019,934	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 2013.		
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 2013.		
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	THE GROUP, THE ISSUER'S POSITION WITHIN THE GROUP AND DEPENDENCE UPON OTHER ENTITIES WITHIN THE GROUP	
	The Issuer is a wholly owned subsidiary of RBSG and dependent on RBSG which is the holding company of the Group. In addition, see details above in Element B.5.	

B.15	ISSUER'S PRINCIPAL ACTIVITIES
	<p>The Group's principal activities also comprise the activities of the Issuer and the Issuer Group and 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, resulting in a decision to realign into three businesses: Personal & Business Banking,</p>

	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.
B.16	OWNERSHIP AND CONTROL OF THE ISSUER (INCLUDING NATURE OF CONTROL)
	The Issuer is a direct and wholly owned subsidiary of RBSG and as such directly controlled by 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: ●*] [●*]⁴</p> <p>No definitive securities will be issued.</p>
C.2	CURRENCY OF THE SECURITIES ISSUE
	●
C.5	RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE SECURITIES
	<p>Not applicable.</p> <p>The Securities are freely transferable [in accordance with the applicable law and the rules</p>

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.

⁴ Insert alternative security identification number.

	and procedures of the Clearing Agent through whose systems the Securities are transferred] ⁵ [in accordance with the Applicable Rules] ⁶ .
C.8	RIGHTS ATTACHED TO THE SECURITIES, INCLUDING RANKING AND LIMITATIONS TO THOSE RIGHTS
	<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]⁷ [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]⁸.</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.]⁹</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.]¹⁰</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] [low] [high] [price] [level] [●] of the Underlying (as defined in Element C.20) [quoted on the relevant exchange] [or the Knock-out Index]¹¹ is [less than]¹² [greater than]¹³ or equal to a certain pre-determined barrier.</p> <p>[“Knock-out Index” means the X-DAX[®] [(Bloomberg Code: ●)] [●]¹⁴ as generally calculated and announced by the index sponsor according to the index rules from (and</p>

⁵ In case of Securities represented by a Global Security.

⁶ In case of Securities issued in dematerialised form.

⁷ In case of Securities represented by a Global Security.

⁸ In case of Securities issued in dematerialised form.

⁹ In case of Turbo Warrants.

¹⁰ In case of Open End Turbo Warrants.

¹¹ In case of X-Turbo Warrants.

¹² In case of Warrants Call.

¹³ In case of Warrants Put.

¹⁴ Insert alternative source where X-DAX is published.

	<p>including) 8.00 a.m. Central European Time up to (and excluding) 9.00 a.m. Central European Time and from (and including) 5.45 p.m. Central European Time up to (and including) 10.15 p.m. Central European Time.]¹⁵</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 currency in which the Underlying is denominated 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 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.]</p> <p><i>Early Termination by the Issuer [other than in the event of an Issuer Call]</i>¹⁶</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. 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>Governing Law</i></p> <p>The Securities shall be governed by, and construed in accordance with, German law.</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>Limitations</i></p> <p>The Issuer or the calculation agent, as the case may be, has the right to adjust the Conditions in accordance with the Conditions to account for certain events impairing the</p>
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¹⁵ In case of X-Turbo Warrants.

¹⁶ In case of Open End Turbo Warrants.

	<p>Issuer's hedge positions or materially affecting the Underlying.</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 or to make such 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>
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: •.]</p> <p>[Not applicable. 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. Therefore, during the term of the Securities [the value of the Securities decreases if the reference price of the Underlying falls, and the value of Securities increases if the reference price of the Underlying rises]¹⁷ [the value of the Securities decreases if the reference price of the Underlying rises, and the value of the Securities increases if the reference price of the Underlying falls]¹⁸.</p> <p>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]¹⁹ [falls]²⁰ and the percentage loss if the [level] [price] of the Underlying [falls]²¹ [rises]²² is considerably higher with the Securities than with a direct investment in the Underlying.</p>

¹⁷ In case of Warrants Call.

¹⁸ In case of Warrants Put.

¹⁹ In case of Warrants Call.

²⁰ In case of Warrants Put.

²¹ In case of Warrants Call.

²² In case of Warrants Put.

	Furthermore, if during the term of the Securities a Knock-out Event occurs, the Securities will terminate automatically. Since a Knock-out Event occurs if the [price] [level] of the Underlying [or the Knock-out Index] ²³ is [less than] ²⁴ [greater than] ²⁵ or equal to a certain pre-determined barrier, the [price] [level] of the Underlying [or the Knock-out Index] ²⁶ affects the value of the Securities and results in a total loss of the investment.
C.16	MATURITY DATE, EXERCISE DATE OR FINAL REFERENCE DATE
	<p>The “Maturity Date” is the [third] [●] business day following the termination of the Security following [an automatic exercise or]²⁷ [an exercise by the Securityholder, termination by the Issuer or]²⁸ an automatic termination.</p> <p>[The “Valuation Date” means the Exercise Date and the “Exercise Date” means ●*.]²⁹</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.]³⁰</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.</p> <p>The Securities will be delivered on the issue date against payment of the issue price.</p> <p>No later than on the Maturity Date 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
	<p>Following an [automatic exercise]³¹ [Exercise or Issuer Call]³² [as well as in case of an Index Early Termination Event], the amount payable by the Issuer on the Maturity Date (the “Cash Amount”) will be determined as follows and less expenses (if any):</p> <p>[The difference between (a) the Final Reference Price and (b) the Strike; multiplied with</p>

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

²⁴ In case of Warrants Call.

²⁵ In case of Warrants Put.

²⁶ In case of X-Turbo Warrants or X-Turbo Open End 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.

³¹ In case of Turbo Warrants.

³² In case of Open End Turbo Warrants.

	<p>the Multiplier.]³³</p> <p>[The difference between (a) the Strike and (b) the Final Reference Price; multiplied with the Multiplier.]³⁴</p> <p>[The Cash Amount, if any, will be converted into the settlement currency using a certain rate of exchange between the settlement currency and the currency in which the Underlying is denominated.]³⁵</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, the so called funding costs, and the Strike will not be subject to regular adjustments.]³⁶</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, the so called funding costs. The funding costs, which will be determined on each trading day, consist of [a certain reference rate related to the currency in which the Underlying is denominated]³⁷ [certain reference rates related to the currencies which are part of the Underlying]³⁸ and a funding spread.]³⁹ [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, the so called funding costs, as well as accounting for transaction costs which may be incurred once a futures contract expires and is replaced with a new futures contract. The funding costs, which will be determined on each trading day, consist of a funding spread.]⁴⁰ 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 [currency in which the Underlying is denominated]⁴¹ [currencies which are part of the Underlying]⁴² and the prevailing market conditions. The funding spread may be reset on any trading day and is subject to a certain maximum funding spread. [Any dividends paid will [not] be accounted for in the determination of the Strike.]⁴³</p> <p>The Strike on the issue date means •*.]⁴⁴</p> <p>“Multiplier” means •*.</p>
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³³ In case of Warrants Call.

³⁴ In case of Warrants Put.

³⁵ In case the settlement currency is different to the currency of the Underlying.

³⁶ In case of Turbo Warrants.

³⁷ In case of Open End Turbo Warrants which are not Currency Open End Turbo Warrants.

³⁸ In case of Currency Open End Turbo Warrants.

³⁹ In case of Open End Turbo Warrants which are not Commodity Futures Contracts Open End Turbo Warrants or Index Futures Contracts Open End Turbo Warrants.

⁴⁰ In case of Commodity Futures Contracts Open End Turbo Warrants or Index Futures Contracts Open End Turbo Warrants.

⁴¹ In case of Open End Turbo Warrants which are not Currency Open End Turbo Warrants.

⁴² In case of Currency Open End Turbo Warrants.

⁴³ In case of Open End Turbo Warrants and a share or a share index is the Underlying.

⁴⁴ In case of Open End Turbo Warrants.

	<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>
C.19	FINAL REFERENCE PRICE OF THE UNDERLYING
	<p>The Final Reference Price of the Underlying will be determined on the Valuation Date, 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.</p>
C.20	TYPE OF THE UNDERLYING AND WHERE INFORMATION ON THE UNDERLYING CAN BE FOUND
	<p>Type: [commodity] [commodity futures contract] [currency] [index] [index futures contract] [share]⁴⁵</p> <p>“Underlying” means ●*.</p> <p>[The Underlying may be substituted by an equivalent underlying during the term of the Open End Turbo Warrants.]⁴⁶</p> <p>[Information on the Underlying can be obtained via the Issuer and on the Issuer's website ● (or any successor website) [and on ●*].]⁴⁷</p>

SECTION D - RISKS	
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

⁴⁵ However, not a share of the Issuer or of any other company of the Group.

⁴⁶ In case of Open End Turbo Warrants and an Underlying with a fixed maturity.

⁴⁷ 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.

timely divestment of RBS Citizens.

- The Group is subject to political risks as both RBSG and the Issuer, its principal operating subsidiary, are both headquartered and incorporated in Scotland. The Scottish Government is holding a referendum in September 2014 on the question of Scottish independence from the United Kingdom. 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 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 as the Group has complex and geographically diverse operations.
- 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 by virtue of the Group's global presence, 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.

	<ul style="list-style-type: none"> • 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.
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	<ul style="list-style-type: none"> • 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.
D.6	KEY RISKS SPECIFIC TO THE SECURITIES
	<p>The key risks associated with the Securities are as follows:</p> <ul style="list-style-type: none"> (a) the Securities have a complex structure which may lead to a total loss of the investment, (b) a Knock-out Event occurs, (c) the Securities may not be a suitable investment for all investors,

	<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 key risks associated with the Securities include</p> <p>(a) risks associated with Securities [represented by a Global Security]⁴⁸ [issued in dematerialised form]⁴⁹ 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,</p> <p>(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, <i>inter alia</i>, exposed to the credit risk of, and default risk with respect to, third parties,</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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⁴⁸ In case of Securities represented by a Global Security.

⁴⁹ In case of Securities issued in dematerialised form.

SECTION E - OFFER ⁵⁰	
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
	Commencement of the public offer: ● [End of the public offer: ●. The offer period may be extended or shortened.] Country/Countries: [Germany] [and] [Austria] [Finland] [and] [Sweden] [Total Amount of the Offer: ●*]
E.4	INTERESTS MATERIAL TO THE ISSUE / OFFER INCLUDING CONFLICTING INTERESTS
	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. [●] ⁵¹
E.7	ESTIMATED EXPENSES CHARGED TO THE INVESTOR BY THE ISSUER OR THE OFFEROR
	[Not applicable. There are no estimated expenses charged to the investor by the Issuer or the offeror.] [The expenses charged to the investor will be ●*.]

⁵⁰ The use of the symbol * in the following Section E - Offer 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.

⁵¹ 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 – EINFÜHRUNG 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 und den endgültigen Bedingungen 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 und der endgültigen Bedingungen vor Prozessbeginn zu tragen haben.</p> <p>Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich der Übersetzung hiervon übernommen haben oder von denen der Erlass ausgeht, können 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 und den endgültigen Bedingungen gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Basisprospekts und den endgültigen Bedingungen gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt. The Royal Bank of Scotland plc (die „Emittentin“) hat die Verantwortung für die Zusammenfassung und die Übersetzung der Zusammenfassung übernommen.</p>

A.2	ZUSTIMMUNG
	ZUSTIMMUNG ZUR VERWENDUNG DES BASISPROSPEKTS UND GEBEBENENFALLS ETWAIGER NACHTRÄGE ZUSAMMEN MIT DEN ENDGÜLTIGEN BEDINGUNGEN
	The Royal Bank of Scotland plc stimmt der Verwendung des Basisprospekts vom 13. Juni 2014 für Turbo Warrants und Open End Turbo Warrants (der „ Basisprospekt “) und gegebenenfalls etwaiger Nachträge zusammen mit den endgültigen 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 in Übereinstimmung mit § 9 Wertpapierprospektgesetz (das „ WpPG “) gültig ist.
	ANGEBOTSRIST
	Die spätere Weiterveräußerung oder endgültige Platzierung der Wertpapiere durch Finanzintermediäre kann während der Dauer der Gültigkeit des Basisprospekts gemäß § 9 WpPG erfolgen.
	BEDINGUNGEN, AN DIE DIE ZUSTIMMUNG GEBUNDEN IST
	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.
	HINWEIS FÜR DIE ANLEGER
	Im Fall, dass ein Finanzintermediär ein Angebot macht, unterrichtet dieser Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen.

ABSCHNITT B - EMITTENTIN	
B.1	JURISTISCHE UND KOMMERZIELLE BEZEICHNUNG DER EMITTENTIN
	Die juristische Bezeichnung der Emittentin ist The Royal Bank of Scotland plc. 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, 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>

<p>Verhältnisses zwischen Kosten und Ertrag der Gruppe führen.</p> <p>Durch den Umfang der strukturellen Veränderungen, die zur Umsetzung der strategischen Ziele und Kapitalziele sowie zur Erfüllung regulatorischer Anforderungen wie der Abschirmung bestimmter Unternehmensteile (<i>ring-fencing</i>) 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.</p> <p>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.</p> <p>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</p>
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<p>Gruppe haben, Produktplatzierungen und die Umsetzbarkeit bestimmter Geschäftsmodelle beeinflussen sowie zu einem erheblichen Umstrukturierungsbedarf mit einer möglichen Übertragung zahlreicher Kunden zwischen verschiedenen Rechtsträgern führen.</p> <p>Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Dazu gehören die Verabschiedung des <i>Financial Services (Banking Reform) Act 2013</i> durch die britische Regierung, die neuen Vorschriften der US-Notenbank (<i>Federal Reserve</i>), 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).</p> <p>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.</p> <p>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 (<i>ring-fencing</i>) nach dem <i>Financial Services (Banking Reform) Act 2013</i> resultieren können, oder geplanter Änderungen der US-amerikanischen Zentralbank (<i>Federal Reserve</i>) 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.</p>
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	<p>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 (<i>Corporate Governance</i>), 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.</p> <p>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.</p> <p>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. „<i>bail-in</i>“ (Beteiligung von Anteilseignern und Gläubigern an einer zwangsweisen Umstrukturierung einer Bank), der durch den <i>Financial Services (Banking Reform) Act 2013</i> 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</p>
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<p>vertragliche Vereinbarungen oder eine teilweise oder vollständige Übertragung von Geschäftsbereichen der Gruppe.</p> <p>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.</p> <p>Der tatsächliche oder vermutete Ausfall oder die tatsächliche oder vermutete Verschlechterung der Kreditwürdigkeit von Geschäftspartnern oder Schuldnern 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.</p> <p>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.</p> <p>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 Barmittefluss und ihre Finanzlage auswirken kann.</p> <p>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.</p> <p>Die Organisationsstruktur der Gruppe wird momentan im großen Umfang verändert, was</p>

	<p>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 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>
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 2013 und 31. Dezember 2012 endenden Jahre</p> <p>Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 31. Dezember 2013 und 31. Dezember 2012 endenden Finanzjahre der Emittentin zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem geprüften konsolidierten Abschluss der Emittentin für das zum 31. Dezember 2013 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; width: 20%;"><i>Zum</i></th> <th style="text-align: right; width: 20%;"><i>Zum</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>31. Dezember 2013</i></th> <th style="text-align: right;"><i>31. Dezember 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>endendes Jahr</i></th> <th style="text-align: right;"><i>endendes Jahr</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> </tr> </thead> <tbody> <tr> <td>Operativer Verlust vor Steuern.....</td> <td style="text-align: right;">(6.761)</td> <td style="text-align: right;">(3.524)</td> </tr> <tr> <td>Steueraufwand.....</td> <td style="text-align: right;">(503)</td> <td style="text-align: right;">(336)</td> </tr> <tr> <td>Verlust für das Jahr.....</td> <td style="text-align: right; border-top: 1px solid black;">(7.264)</td> <td style="text-align: right; border-top: 1px solid black;">(3.860)</td> </tr> <tr> <td colspan="3" style="padding: 10px 0 0 0;"> </td> </tr> <tr> <th></th> <th style="text-align: right;"><i>31. Dezember 2013</i></th> <th style="text-align: right;"><i>31. Dezember 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> <th style="text-align: right;"><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;">42.177</td> <td style="text-align: right;">52.679</td> </tr> <tr> <td>Eigenkapital</td> <td style="text-align: right; border-top: 1px solid black;">48.786</td> <td style="text-align: right; border-top: 1px solid black;">59.288</td> </tr> <tr> <td>Beteiligungen ohne beherrschenden Einfluss....</td> <td style="text-align: right;">79</td> <td style="text-align: right;">137</td> </tr> <tr> <td>Nachrangige Verbindlichkeiten</td> <td style="text-align: right;">33.134</td> <td style="text-align: right;">33.851</td> </tr> <tr> <td>Kapitalvermögen</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">81.999</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">93.276</td> </tr> <tr> <td colspan="3" style="padding: 10px 0 0 0;"> </td> </tr> <tr> <th></th> <th style="text-align: right;"><i>31. Dezember 2013</i></th> <th style="text-align: right;"><i>31. Dezember 2012</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> <th style="text-align: right;"><i>in Mio. £ (geprüft)</i></th> </tr> <tr> <td>Einlagen.....</td> <td style="text-align: right;">537.467</td> <td style="text-align: right;">621.457</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;">505.583</td> <td style="text-align: right;">576.904</td> </tr> <tr> <td>Gesamtvermögen</td> <td style="text-align: right; border-top: 1px solid black;">1.019.934</td> <td style="text-align: right; border-top: 1px solid black;">1.284.274</td> </tr> </tbody> </table>		<i>Zum</i>	<i>Zum</i>		<i>31. Dezember 2013</i>	<i>31. Dezember 2012</i>		<i>endendes Jahr</i>	<i>endendes Jahr</i>		<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>	Operativer Verlust vor Steuern.....	(6.761)	(3.524)	Steueraufwand.....	(503)	(336)	Verlust für das Jahr.....	(7.264)	(3.860)					<i>31. Dezember 2013</i>	<i>31. Dezember 2012</i>		<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>	Eingefordertes Aktienkapital	6.609	6.609	Rücklagen.....	42.177	52.679	Eigenkapital	48.786	59.288	Beteiligungen ohne beherrschenden Einfluss....	79	137	Nachrangige Verbindlichkeiten	33.134	33.851	Kapitalvermögen	81.999	93.276					<i>31. Dezember 2013</i>	<i>31. Dezember 2012</i>		<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>	Einlagen.....	537.467	621.457	Kredite und Vorauszahlungen an			Kunden und Banken	505.583	576.904	Gesamtvermögen	1.019.934	1.284.274
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	KEINE WESENTLICHEN NEGATIVEN VERÄNDERUNGEN IN DEN AUSSICHTEN DER EMITTENTIN
	Seit dem 31. Dezember 2013 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 31. Dezember 2013 hat es keine wesentlichen Veränderungen in der Finanzlage der Emittentengruppe gegeben.
B.13	EREIGNISSE AUS DER JÜNGSTEN ZEIT DER GESCHÄFTSTÄTIGKEIT DER EMITTENTIN, DIE FÜR DIE BEWERTUNG IHRER ZAHLUNGSFÄHIGKEIT IN HOHEM MAßE RELEVANT SIND
	Entfällt. Es gibt keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Emittentin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.
B.14	DIE GRUPPE, DIE STELLUNG DER EMITTENTIN INNERHALB DER GRUPPE UND ABHÄNGIGKEIT VON ANDEREN UNTERNEHMEN INNERHALB DER GRUPPE
	Die Emittentin ist eine hundertprozentige Tochtergesellschaft der RBSG und abhängig von der RBSG, die die Holdinggesellschaft der Gruppe ist. Im Übrigen siehe Angaben unter dem Gliederungspunkt B.5.
B.15	HAUPTTÄTIGKEITSBEREICHE DER EMITTENTIN
	<p>Die Haupttätigkeitsbereiche der Gruppe umfassen auch die Tätigkeitsbereiche der Emittentin und der Emittentengruppe und untergliederten sich im Jahr 2013 in die folgenden Geschäftsbereiche:</p> <ul style="list-style-type: none"> • Privat- und Geschäftskunden (Retail and Commercial): <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

	<p style="text-align: center;">Charter One</p> <ul style="list-style-type: none"> • 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. Obwohl die RCR ähnlich groß ist wie das Nicht-Kerngeschäft (<i>Non-Core division</i>), wurden ihre Vermögenswerte auf einer anderen Grundlage ausgewählt, sodass die beiden Bereiche nicht direkt miteinander vergleichbar sind.</p> <p>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 andere 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 (<i>Personal & Business Banking</i>), Firmenkunden & Private Banking (<i>Commercial & Private Banking</i>) sowie Unternehmens- & Institutionelle Kunden (<i>Corporate & Institutional Banking</i>). Darüber hinaus wird die Gruppe ihre Systeme effizienter gestalten und vereinfachen, um dadurch eine Systemarchitektur mit erhöhter Stabilität zu erreichen.</p>
B.16	BETEILIGUNGS- UND BEHERRSCHUNGSVERHÄLTNISSE HINSICHTLICH DER EMITTENTIN (EINSCHLIEßLICH ART DER BEHERRSCHUNG)
	Die Emittentin ist eine unmittelbare, hundertprozentige Tochtergesellschaft der RBSG und wird infolgedessen unmittelbar von der RBSG beherrscht.

ABSCHNITT C – WERTPAPIERE⁵²	
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.]⁵³</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.]⁵⁴</p> <p>„Clearingstelle“ bezeichnet •.</p> <p>[ISIN: •*] [WKN: •*] [NDX Short Name: •*] [Common Code: •*] [•*]⁵⁵</p> <p>Es werden keine effektiven Stücke ausgegeben.</p>
C.2	WÄHRUNG DER WERTPAPIEREMISSION
	•
C.5	BESCHRÄNKUNGEN DER FREIEN ÜBERTRAGBARKEIT DER WERTPAPIERE
	<p>Entfällt.</p> <p>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.]⁵⁶ [gemäß den Anwendbaren Vorschriften frei übertragbar.]⁵⁷</p>

⁵² 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.

⁵³ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁵⁴ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

⁵⁵ Alternative Wertpapierkennung einfügen.

⁵⁶ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁵⁷ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

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]⁵⁸ [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]⁵⁹.</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.]⁶⁰</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 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“).]⁶¹</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] [niedrigste] [höchste] [Kurs] [Preis] [Stand] [●] des Basiswerts (wie unter dem Gliederungspunkt C.20 definiert) [oder des Knock-Out-Index]⁶² [niedriger als]⁶³ [höher als]⁶⁴ eine zuvor festgelegte Barriere ist oder dieser entspricht.</p>

⁵⁸ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

⁵⁹ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

⁶⁰ Im Fall von Turbo Optionsscheinen.

⁶¹ Im Fall von Open End Turbo Optionsscheinen.

⁶² Im Fall von X-Turbo Optionsscheinen.

⁶³ Im Fall von Call Optionsscheinen.

⁶⁴ Im Fall von Put Optionsscheinen.

	<p>[„Knock-out-Index“ bezeichnet den X-DAX⁶⁵ [(Bloomberg Code: ●)] [●]⁶⁵, 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.]⁶⁶</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 Währung des Basiswerts sind nicht identisch, weshalb die Wertpapiere mit einem Quanto-Merkmal (ein fester Umrechnungskurs 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 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.]</p> <p><i>Vorzeitige Beendigung durch die Emittentin [in anderen Fällen als die Kündigung durch die Emittentin]⁶⁷</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 vorzeitig zu beenden. 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>Anwendbares Recht</i></p> <p>Die Wertpapiere unterliegen deutschem Recht und sind nach deutschem Recht</p>
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⁶⁵ Alternativen Ort einfügen, wo der X-DAX veröffentlicht wird.

⁶⁶ Im Fall von X-Turbo Optionsscheinen.

⁶⁷ Im Fall von Open End Turbo Optionsscheinen.

	<p>auszulegen.</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>Beschränkungen</i></p> <p>Die Emittentin bzw. die Berechnungsstelle haben das Recht, die Bedingungen bezüglich bestimmter Störungen der Absicherung der Emittentin oder bei wesentlichen Beeinträchtigungen des Basiswerts gemäß den Bedingungen anzupassen.</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 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>
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 Ausgabetag zu beantragen: ●.]</p> <p>[Entfällt. 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, die die Entwicklung des Basiswerts nachbilden. Daher [fällt der Wert der Wertpapiere während ihrer Laufzeit, wenn der Referenzpreis des Basiswerts fällt, und der Wert der Wertpapiere steigt, wenn der Referenzpreis des Basiswerts steigt]⁶⁸ [fällt der Wert der Wertpapiere während ihrer Laufzeit, wenn der Referenzpreis des Basiswerts steigt, und der Wert der Wertpapiere steigt, wenn der Referenzpreis des Basiswerts fällt]⁶⁹.</p> <p>Die Wertpapiere weisen eine so genannte Hebelwirkung auf. Diese Hebelwirkung</p>

⁶⁸ Im Fall von Call Optionsscheinen.

⁶⁹ Im Fall von Put Optionsscheinen.

	<p>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]⁷⁰ [Rückgangs]⁷¹ des [Standes] [Preises] [Kurses] des Basiswerts ergebende prozentuale Gewinn und der sich im Fall eines [Rückgangs]⁷² [Anstiegs]⁷³ 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 automatisch gekündigt. Da ein Knock-out-Ereignis eintritt, wenn der [Preis] [Stand] [Kurs] des Basiswerts [oder des Knock-out Index]⁷⁴ [niedriger als]⁷⁵ [höher als]⁷⁶ eine zuvor festgelegte Barriere ist oder dieser entspricht, beeinflusst der [Preis] [Stand] [Kurs] des Basiswerts [oder des Knock-out Index]⁷⁷ den Wert der Wertpapiere und führt zum vollständigen Verlust der Anlage.</p>
C.16	FÄLLIGKEITSTAG, AUSÜBUNGSTAG ODER LETZTER REFERENZTERMIN
	<p>„Fälligkeitstag“ ist der [dritte] [●] Geschäftstag nach Beendigung der Wertpapiere durch [eine automatische Ausübung oder]⁷⁸ [eine Ausübung durch den Wertpapierinhaber, eine Kündigung durch die Emittentin oder]⁷⁹ eine automatische Beendigung.</p> <p>[„Bewertungstag“ bezeichnet den Ausübungstag und „Ausübungstag“ bezeichnet ●*.]⁸⁰</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.]⁸¹</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>

⁷⁰ Im Fall von Call Optionsscheinen.

⁷¹ Im Fall von Put Optionsscheinen.

⁷² Im Fall von Call Optionsscheinen.

⁷³ Im Fall von Put Optionsscheinen.

⁷⁴ Im Fall von X-Turbo Optionsscheinen.

⁷⁵ Im Fall von Call Optionsscheinen.

⁷⁶ Im Fall von Put Optionsscheinen.

⁷⁷ Im Fall von X-Turbo Optionsscheinen.

⁷⁸ Im Fall von Turbo Optionsscheinen.

⁷⁹ Im Fall von Open End Turbo Optionsscheinen.

⁸⁰ Im Fall von Turbo Optionsscheinen.

⁸¹ Im Fall von Open End Turbo Optionsscheinen.

C.17	ABRECHNUNGSVERFAHREN
	<p>Die Wertpapiere werden durch die Clearingstelle abgewickelt.</p> <p>Die Wertpapiere werden nach Zahlung des Ausgabepreises am Ausgabetag geliefert.</p> <p>Spätestens am Fälligkeitstag 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]⁸² [Ausübung oder Kündigung durch die Emittentin]⁸³ [ebenso wie im Fall eines Vorzeitigen Beendigungsereignisses des Index] wird der von der Emittentin am Fälligkeitstag zu zahlende Betrag (der „Auszahlungsbetrag“), gegebenenfalls abzüglich Kosten, wie folgt bestimmt:</p> <p>[Die Differenz zwischen (a) dem Endgültigen Referenzpreis und (b) dem Basispreis; multipliziert mit dem Bezugsverhältnis.]⁸⁴</p> <p>[Die Differenz zwischen (a) dem Basispreis und (b) dem Endgültigen Referenzpreis; multipliziert mit dem Bezugsverhältnis.]⁸⁵</p> <p>[Der gegebenenfalls zu zahlende Auszahlungsbetrag ist auf Grund eines bestimmten Umrechnungskurses zwischen der Abrechnungswährung und der Währung des Basiswerts in die Abrechnungswährung umzurechnen.]⁸⁶</p> <p>Der Endgültige Referenzpreis ist unter dem Gliederungspunkt C.19 definiert.</p> <p>[„Basispreis“ bezeichnet •*. Der Basispreis wird am Ausgabetag festgelegt, wobei die Kosten für die Bereitstellung und Aufrechterhaltung des Hebels, die so genannten Finanzierungskosten, berücksichtigt werden. Der Basispreis wird nicht regelmäßig angepasst.]⁸⁷</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, die so genannten Finanzierungskosten, berücksichtigt werden. Die Finanzierungskosten, die an jedem Handelstag festgelegt werden, setzen sich aus [einem bestimmten Referenzsatz, der sich auf die Währung des Basiswerts bezieht]⁸⁸ [einem bestimmten Referenzsatz, der sich auf die Währungen bezieht, die Teil des Basiswerts sind,]⁸⁹ und einer bestimmten Finanzierungsmarge zusammen.]⁹⁰ [Der</p>

⁸² Im Fall von Turbo Optionsscheinen.

⁸³ Im Fall von Open End Turbo Optionsscheinen.

⁸⁴ Im Fall von Call Optionsscheinen.

⁸⁵ Im Fall von Put Optionsscheinen.

⁸⁶ Im Fall, dass die Abrechnungswährung nicht identisch mit der Währung des Basiswerts ist.

⁸⁷ Im Fall von Turbo Optionsscheinen.

⁸⁸ Im Fall von Open End Turbo Optionsscheinen, die keine Open End Turbo Optionsscheine auf Währungen sind.

⁸⁹ Im Fall von Open End Turbo Optionsscheinen auf Währungen.

⁹⁰ Im Fall von Open End Turbo Optionsscheinen, die weder Open End Turbo Optionsscheine auf Terminkontrakte auf Rohstoffe noch Open End Turbo Optionsscheine auf Terminkontrakte auf Indizes sind.

	<p>„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, die so genannten Finanzierungskosten, berücksichtigt werden sowie Transaktionskosten, die entstehen, wenn ein Futurekontrakt endet und durch einen neuen Futurekontrakt ersetzt wird. Die Finanzierungskosten, die an jedem Handelstag ermittelt werden, bestehen aus der Finanzierungsmarge.]⁹¹ Die Finanzierungsmarge wird von der Berechnungsstelle nach billigem Ermessen unter Berücksichtigung der [Währung des Basiswerts]⁹² [den Währungen, die Teil des Basiswerts sind,]⁹³ und den aktuellen Marktkonditionen bestimmt. Die Finanzierungsmarge kann an einem beliebigen Handelstag neu festgelegt werden; sie darf allerdings eine bestimmte Höchstfinanzierungsmarge nicht überschreiten. [Etwaige gezahlte Dividenden werden bei der Feststellung des Basispreises [nicht] mit einberechnet.]⁹⁴</p> <p>Der Basispreis am Ausgabetag bezeichnet ●*.]⁹⁵</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 DES BASISWERTS
	Der Endgültige Referenzpreis des Basiswerts wird, vorausgesetzt, dass keine vorzeitige Beendigung der Wertpapiere eingetreten ist, am Bewertungstag festgelegt. Der Betrag entspricht dem [an der entsprechenden Börse festgelegten] [Kurs] [Preis] [Stand] des Basiswerts, ohne Berücksichtigung etwaiger nachträglich veröffentlichter Berichtigungen.
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]⁹⁶</p> <p>„Basiswert“ bezeichnet ●*.</p>

⁹¹ Im Fall von Open End Turbo Optionsscheinen auf Terminkontrakte auf Rohstoffe oder Open End Turbo Optionsscheinen auf Terminkontrakte auf Indizes.

⁹² Im Fall von Open End Turbo Optionsscheinen, die keine Open End Turbo Optionsscheine auf Währungen sind.

⁹³ Im Fall von Open End Turbo Optionsscheinen auf Währungen.

⁹⁴ Im Fall von Open End Turbo Optionsscheinen mit einer Aktie oder einem Aktienindex als Basiswert.

⁹⁵ Im Fall von Open End Turbo Optionsscheinen.

⁹⁶ Mit Ausnahme von Aktien der Emittentin und anderer Unternehmen der Gruppe.

	<p>[Der Basiswert kann während der Laufzeit des Open End Turbo Optionsscheins gegen einen gleichwertigen Basiswert ausgetauscht werden.]⁹⁷</p> <p>[Informationen über den Basiswert sind erhältlich über die Emittentin sowie auf der Internetseite der Emittentin • (oder einer Nachfolgeseite) [und auf •*].]⁹⁸</p>
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ABSCHNITT D – RISIKEN	
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, da sowohl die RBSG als auch die Emittentin als wesentliche operative Tochtergesellschaft der RBSG ihren Hauptsitz in Schottland haben und in Schottland gegründet wurden. Die schottische Regierung wird im September 2014 ein Referendum zur Unabhängigkeit Schottlands von Großbritannien abhalten. Die sich aus einer Zustimmung zur Unabhängigkeit ergebenden Unsicherheiten würden wahrscheinlich in wesentlichem Maße die Kreditratings der Gruppe beeinflussen und könnten sich außerdem auf das steuerliche, monetäre, rechtliche und regulatorische Umfeld der Gruppe auswirken. Falls Schottland unabhängig werden sollte, könnte dies zudem Auswirkungen auf die Stellung Schottlands in der EU haben. • 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 Verwaltungsratsmitglieder und andere Mitarbeiter in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu

⁹⁷ Im Fall von Open End Turbo Optionsscheinen und einem Basiswert mit Verfalldatum.

⁹⁸ 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.

ihren Arbeitnehmern unterhält.

- Das Geschäft der Gruppe birgt betriebsbedingte Risiken, da die Aktivitäten der Gruppe komplex sind und eine Vielzahl von Regionen umfassen.
- 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 *Banking Act 2009* in der durch den *Banking Reform Act 2013* geänderten Fassung, der besondere Abwicklungsbefugnisse, einschließlich Verstaatlichung und „*bail-in*“ (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 durch die weltweite Präsenz der Gruppe, etwa aus dem Bestehen von Handelsbarrieren, der Errichtung von Devisenbeschränkungen und anderen Maßnahmen von souveränen Staaten, die wirtschaftliche oder finanzielle Aktivitäten behindern.
- 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

	<p>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.</p> <ul style="list-style-type: none"> • 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,
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	den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.
D.6	WESENTLICHE RISIKEN IN BEZUG AUF DIE WERTPAPIERE
	<p>Zu den wesentlichen Risiken in Bezug auf die Wertpapiere zählen die Tatsache, dass</p> <ul style="list-style-type: none"> (a) die Wertpapiere eine komplexe Struktur haben, die zu einem vollständigen Verlust der Anlage führen kann, (b) ein Knock-out-Ereignis eintritt, (c) die Wertpapiere möglicherweise nicht für alle Anleger eine geeignete Anlage darstellen, (d) der Wert der Wertpapiere schwanken kann, [(e) der Ausgabepreis der Wertpapiere [einen Ausgabeaufschlag] [und/oder] [eine Provision] [und/oder] [sonstige Gebühren] enthält,] [(e)] [(f)] möglicherweise kein Sekundärmarkt für die Wertpapiere besteht, [(f)] [(g)] ein Kauf der Wertpapiere für Absicherungszwecke möglicherweise nicht effizient ist, [(g)] [(h)] sich Handlungen der Emittentin auf den Wert der Wertpapiere auswirken können, [(h)] [(i)] die Wertpapierinhaber über keine Eigentumsrechte an dem Basiswert verfügen, [(i)] [(j)] die Emittentin und/oder die Berechnungsstelle Anpassungen der Bedingungen aufgrund von den Basiswert betreffenden Ereignissen vornehmen können, [(j)] [(k)] es zu Verzögerungen bei der Abrechnung der Wertpapiere kommen kann, [(k)] [(l)] Wertpapierinhaber möglicherweise zur Zahlung von Steuern verpflichtet sind, und [(l)] [(m)] die Wertpapiere von der Emittentin unter bestimmten Voraussetzungen vorzeitig gekündigt werden können. <p>Zu den sonstigen wesentlichen Risiken in Bezug auf die Wertpapiere gehören:</p> <ul style="list-style-type: none"> (a) Risiken im Zusammenhang mit den Wertpapieren, [die durch Globalurkunden verbrieft]⁹⁹ [die in dematerialisierter Form begeben]¹⁰⁰ 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 unter anderem auch einem

⁹⁹ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

¹⁰⁰ Im Fall von in dematerialisierter Form begebenen Wertpapieren.

	<p>Kredit- und Ausfallrisiko Dritter ausgesetzt sind,</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 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 – ANGEBOT¹⁰¹	
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: [Deutschland] [und] [Österreich] [Finnland] [und] [Schweden]</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</p>

¹⁰¹ Die Verwendung des Symbols * im nachfolgenden Abschnitt E – Angebot 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.

	<p>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 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. [●]¹⁰²</p>
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>

¹⁰² Beschreibung weiterer der für die Emission/das Angebot wesentlicher Interessen, einschließlich Interessenkonflikte einfügen.

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 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, 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 (which is incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG) for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities issued.

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.

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**”) 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.

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) 9.00 a.m. up to (and including) 5.30 p.m. Central European Time (CET). The X-DAX[®] is also calculated daily from (and including) 8.00 a.m. up to (and excluding) 9.00 a.m. Central European Time, i.e. before the opening of the DAX[®], and from (and including) 5.45 p.m. up to (and including) 10.15 p.m. 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 (i) in case of Commodity Futures Contracts Open End Turbo Warrants and Index Futures Contracts Open End Turbo Warrants, of a certain funding spread; (ii) in case of Currency Open End Turbo Warrants, of certain reference rates related to the currencies which are part of the Underlying and a certain funding spread; and (iii) for all remaining Open End Turbo Warrants, of a certain reference rate related to the currency in which the underlying is denominated and a certain 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 may 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) be able 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, propriety 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) *Changes to the composition or calculation 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. The Issuer, as it is not the index sponsor, cannot influence the composition of the index. 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 by the Securityholder.

- (e) *Conflicts of interest.* Conflicts of interest with respect to an underlying index may arise 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 as the Issuer would act as issuer of the Securities linked to the index on the one hand and have interests in the assets (as issuer, owner or on the basis of a relationship to a third party) being components of the index on the other hand.

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

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 by reference into this Base Prospectus 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”, the subsection “Assets, owners’ equity and capital ratios” in the section entitled “Description of The Royal Bank of Scotland plc” on page 28, the subsection “No Significant Change and No Material Adverse Change” in the section entitled “General Information” on page 70, and items (a) to (f) in the section entitled “Documents Incorporated by Reference” on pages 74 to 76) (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”, “Recent Developments” and “No significant change and no material adverse change”.

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 £1,028 billion and owners’ equity of £59 billion as at 31 December 2013. The Group’s capital ratios as at 31 December 2013 were a total capital ratio of 16.5 per cent, a Core Tier 1 capital ratio of 10.9 per cent and a Tier 1 capital ratio of 13.1 per cent. On a fully loaded Basel III basis, the Group’s Core Tier 1 ratio was 8.6 per cent. as at 31 December 2013.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the “**Issuer Group**”) had total assets of £1,020 billion and owners’ equity of £49 billion as at 31 December 2013. As at 31 December 2013, the Issuer Group’s capital ratios were a total capital ratio of 17.4 per cent, a Core Tier 1 capital ratio of 9.8 per cent and a Tier 1 capital ratio of 11.4 per cent.

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, the 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 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

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 2013 (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 2013 (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 or in accordance with General Condition 3.

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 (which may not be binding on HMRC) 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 Information reporting

Information relating to the Securities may be required to be provided to HMRC in certain circumstances. This may include the value of the Securities, details of the Securityholders or beneficial owners of the Securities (or the persons for whom the Securities are held), details of the persons to whom payments derived from the Securities are or may be paid and information and documents in connection with transactions relating to the Securities. Information may be required to be provided by, amongst others, the Securityholders, persons by (or via) whom payments derived from the Securities are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Securities on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be provided to tax authorities in other countries.

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 depositary 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 depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

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, including partners (*Lebenspartner*), 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 Securities, and withholding tax is generally not levied on such gains (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 gains are 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

Pursuant to § 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 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 or the offsetting 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, Austrian Income Tax Act Guidelines (*Einkommensteuerrichtlinien*, "EStR"), para 6203et 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 bonds with an index-linked yield (*Anleihen mit indexorientierter Verzinsung*), 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 (EStR, para. 6197). 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. Pursuant to the Austrian Ministry of Finance's view the special tax rate of 25 per cent only applies to income from publicly placed derivatives pursuant to § 27(4) EStG if the derivatives are securitized or if the Austrian depository or paying agent voluntarily withholds 25 per cent tax pursuant to § 27a(2)(7) EStG. 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).

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 or Liechtenstein paying agent and the investor has opted for withholding by such paying agent) and is subject to income tax at the special rate of 25 per cent. A deduction is not available for 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, (§ 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 the investor must generally 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 (EStR, para. 6225a) 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 is not available for 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 (however, other than in case of a private investor, ancillary acquisition cost may be taken into account when determining the tax basis).

Corporate investors investing in the 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

Pursuant to § 188 of the Austrian Investment Funds Act (*Investmentfondsgesetz*; "InvFG") prior to its amendment by the Austrian Alternative Investment Funds Manager Act (*Alternative Investmentfonds*

Manager-Gesetz, “**AIFMG**”), a non-Austrian investment fund was defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principles of fund risk diversification on the basis either of a statute, of the entity’s articles or of customary exercise. Certain collective investment vehicles investing in real estate are exempt. The Austrian tax authorities commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Austrian Investment Funds Act Guidelines. Pursuant thereto, no foreign investment fund may be assumed if for purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Directly held bonds should not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of whether the index is a well-known one, an individually constructed “fixed” index or an index which is changeable at any time. Special rules apply with respect to hedge-index funds.

In the course of the implementation of the Alternative Investment Funds Managers Directive (EC Directive 2011/61/EU) into domestic law, the definition of the term non-Austrian investment fund was significantly changed and now comprises (i) any Undertakings for Collective Investments in Transferable Securities (UCITS), the country of origin of which is not Austria, (ii) any Alternative Investment Fund in the sense of the AIFMG – other than Alternative Investment Funds (AIF) in real estate –, the country of origin of which is not Austria, and (iii) unless such vehicle is either a UCITS fund or an AIF as described above, any organism subject to a foreign jurisdiction, irrespective of its legal form, the assets of which are invested according to the principles of fund risk diversification on the basis of a statute, of the entity’s articles or of customary exercise provided that one of the following criteria is given (i) the vehicle is in its residence state effectively – neither directly nor indirectly – subject to tax which is comparable to Austrian corporate income tax, (ii) although the foreign vehicle is in its residence state subject to tax which is comparable to Austrian corporate income tax such foreign tax is lower than Austrian corporate income tax (25 per cent.) by more than 10 basis points; or (iii) the vehicle is subject to a comprehensive individual or factual tax exemption in its residence state.

Pursuant to § 2(1)(2) of the AIFMG, an alternative investment fund is defined as any collective investment undertaking, including investment compartments thereof which (i) raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors without the capital raised serving active operating activities and (ii) does not require an authorization pursuant to art 5 of Directive 2009/65/EC.

The amended definition of the term non-Austrian investment fund became legally effective for business years of investment funds starting after 21 July 2013. Due to the lack of any updated guidelines by the Austrian Ministry of Finance so far, it is currently unclear whether the distinction described above between index certificates offered by foreign issuers on the one hand and foreign investment funds on the other hand still applies. The risk of the qualification of the Securities as units 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, EStR, para. 7745).

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 2013 (*Körperschaftsteuerrichtlinien 2013*) para 1492 et seq and EStR, para 7748 et seq.).

As from January 1, 2015 a new provision, introduced with the Tax Code Amendment Act 2014 (*Abgabenänderungsgesetz 2014*) provides for a limited (corporate) income tax liability for interest in the meaning of the Austrian EU Source Tax Act if Austrian withholding tax (*Kapitalertragsteuer*) is levied on such interest income. Such limited (corporate) income tax liability does, however, not comprise interest earned by investors which are within the scope of the Austrian EU Source Tax Act as well as interest the debtor of which neither has its domicile, its effective place of management nor its legal seat in Austria nor is an Austrian branch of a foreign credit institution. Reference is made to the exemption from Austrian withholding tax pursuant to sec. 94(13) EStG.

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 (or in certain dependent or associated territories) 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).

Based on current Finnish court practice, however, profits on warrants would be considered a capital gain (as opposed to interest or compensation comparable to interest). Therefore, any payments made by a Finnish paying agent in respect of warrants should not be 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.

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 class and type 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 “**Savings Directive**”), EU member states 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 established 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. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The Council of the European Union has adopted an amending directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU member state that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU member state, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU member states to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

8. PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common Financial Transactions Tax (the “**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

Notwithstanding the Commission’s Proposal, a joint statement issued in May 2014 by the Participating Member States (other than Slovenia) indicated an intention to implement the FTT progressively, such that it would initially apply to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available. The FTT, as initially implemented on this basis, may not apply to dealings in the Securities.

The proposed FTT remains subject to negotiation between the Participating Member States and the timing remains unclear. Additional EU member states may decide to participate. Securityholders and prospective investors in the Securities are advised to seek their own professional advice in relation to the FTT.

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. 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 RBS Asset and Liability Management Committee dated 23 February 2012 and a sub-committee of the RBS Asset and Liability Management Committee dated 16 May 2014.

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.

Continuation of the public offer and increases of Securities

The "General Conditions" and "Product Conditions" (together, the "**Conditions 2013**") set forth in the base prospectus relating to Turbo Warrants and Open End Turbo Warrants dated 11 June 2013 of The Royal Bank of Scotland plc (the "**Base Prospectus 2013**") are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference").

In the case of a continuation of the public offer or an increase of Securities having been offered under the Base Prospectus 2013, the Conditions 2013 shall apply instead of the General Conditions and Product Conditions set forth on pages 106 et seqq. of this Base Prospectus.

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 is 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 is 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 the Registration Document, the Base Prospectus, any Supplements and the Final Terms 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;
- (d) the country or the countries where the offer of the Securities is being made (specifying whether the Securities will be offered in Germany, Austria, Finland and/or Sweden) and
- (e) 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 which was published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 7 March 2014, excluding:
 - (i) 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”, and limb (ii) of the eighth paragraph of such section, which begins with the words “the publication entitled “Rating Symbols and Definitions – September 2013”;
 - (ii) the subsection “Assets, owners’ equity and capital ratios” in the section entitled “Description of The Royal Bank of Scotland plc” on page 28;
 - (iii) the subsection “No Significant Change and No Material Adverse Change” in the section “General Information” on page 70; and
 - (iv) items (a) to (f) in the section entitled “Documents Incorporated by Reference” on pages 74 to 76;
2. the Annual Report and Accounts 2013 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 2013 (excluding the sections headed “Financial Review – Risk Factors” on pages 7 and 8 and “Additional Information – Risk Factors” on pages 331 to 346) which were published via the RNS on 25 April 2014;
3. 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;
4. the following sections of the Annual Report and Accounts 2013 of RBSG which were published via the RNS on 25 April 2014:
 - (i) Independent auditor’s report on pages 366 to 369;
 - (ii) Consolidated income statement on page 370;
 - (iii) Consolidated statement of comprehensive income on page 371;
 - (iv) Consolidated balance sheet as at 31 December 2013 on page 372;

- (v) Consolidated statement of changes in equity on pages 373 to 375;
- (vi) Consolidated cash flow statement on page 376;
- (vii) Accounting policies on pages 377 to 390;
- (viii) Notes on the consolidated accounts on pages 391 to 496;
- (ix) Parent company financial statements and notes on pages 497 to 507;
- (x) 2013 Financial Results on pages 2 to 5;
- (xi) Our business model and strategy on pages 8 to 10;
- (xii) RBS at a glance on pages 11 to 19;
- (xiii) Chairman's statement on pages 22 to 23;
- (xiv) Chief Executive's review on pages 24 to 27;
- (xv) Economic and monetary environment on page 28;
- (xvi) Business review on pages 100 to 173;
- (xvii) Risk and Balance Sheet Management on pages 174 to 364;
- (xviii) Letter from the Chairman on pages 36 to 37;
- (xix) Our governance structure on page 38;
- (xx) Corporate governance on pages 45 to 49;
- (xxi) Directors' remuneration report on pages 66 to 86;
- (xxii) Other Remuneration Disclosures on pages 87 to 90;
- (xxiii) Compliance report on pages 91 to 92;
- (xxiv) Report of the Directors on pages 93 to 98;
- (xxv) Statement of directors' responsibilities on page 99;
- (xxvi) Financial Summary on pages 509 to 519;
- (xxvii) Exchange rates on page 519;
- (xxviii) Supervision on page 520;
- (xxix) Description of property and equipment on page 520;
- (xxx) Major shareholders on page 521;
- (xxxi) Material contracts on pages 521 to 522;
- (xxxii) Abbreviations and acronyms on page 548; and
- (xxxiii) Glossary of terms on pages 549 to 556;

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;
- (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
- (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 unaudited Interim Management Statement Q1 2014 of RBSG for the first quarter ended 31 March 2014 which was published via the RNS on 2 May 2014;
 7. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published by RBSG via the RNS on 4 April 2014;
 8. the press release entitled "RBS announces an agreement with HMT to provide for the future retirement of the Dividend Access Share and revised State aid terms" which was published by RBSG via the RNS on 9 April 2014;
 9. the press release entitled "Board Change" which was published by RBSG via the RNS on 2 May 2014; and
 10. the Conditions 2013 (incorporated on page 96 of this Base Prospectus).

The documents referred to above in 1. to 9. were filed with the FCA. The document referred to in 10. 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 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. Capitalised terms which are not defined in this section shall have the meaning ascribed to them in the General Conditions or 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.

The Issuer may issue Turbo Warrants Call, Turbo Warrants Put, Open End Turbo Warrants Call and Open End Turbo Warrants Put under this Base Prospectus, which 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. This means that during the term of the Securities the value of Turbo Warrants *Call* decreases if the reference price of the Underlying falls, and that the value of Turbo Warrants *Call* increases if the reference price of the Underlying rises. A Cash Amount will be paid only if the difference between the Final Reference Price and the Strike 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. This means that during the term of the Securities the value of Turbo Warrants *Put* decreases if the reference price of the Underlying rises, and that the value of Turbo Warrants *Put* increases if the reference price of the Underlying falls. A Cash Amount will be paid only if the difference between the Strike and the Final Reference Price 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. This means that during the term of the Securities the value of Open End Turbo Warrants *Call* decreases if the reference price of the Underlying falls, and that the value of Open End Turbo Warrants *Call* increases if the reference price of the Underlying rises. A Cash Amount will be paid only if the difference between the Final Reference Price and the Strike 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. This means that during the term of the Securities the value of Open End Turbo Warrants *Put* decreases if the reference price of the Underlying rises, and that the value of Open End Turbo Warrants *Put* increases if the reference price of the Underlying falls. A Cash Amount will be paid only if the difference between the Strike and the Final Reference Price 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

¹⁰³*[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.

¹⁰³ 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.]

¹⁰⁴***[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**”).]¹⁰⁵

[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**”).]¹⁰⁶

[●]¹⁰⁷

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.

¹⁰⁴ In case of Securities issued in dematerialised form.

¹⁰⁵ In case of dematerialised Securities cleared through Euroclear Finland Ltd.

¹⁰⁶ In case of dematerialised Securities cleared through Euroclear Sweden AB.

¹⁰⁷ 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 Agents]. 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 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] [an 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]¹⁰⁸.

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 ●¹⁰⁹, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{110}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{111}$$

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 ●¹¹²;

“**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 [●¹¹³ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange

¹⁰⁸ In case of Securities represented by a Global Security.

¹⁰⁹ Insert name and address.

¹¹⁰ In case of Turbo Warrants Call.

¹¹¹ In case of Turbo Warrants Put.

¹¹² Insert name and address.

¹¹³ 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]¹¹⁴;

“**Exercise Date**” means •¹¹⁵;

“**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;]¹¹⁶

“**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 •¹¹⁷ 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] [•]¹¹⁸;

“**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]¹¹⁹ [ask high]¹²⁰ 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

¹¹⁴ In case of Quanto Securities.

¹¹⁵ Specify date.

¹¹⁶ In case of Securities represented by a Global Security.

¹¹⁷ Insert name and address.

¹¹⁸ Specify amount.

¹¹⁹ In case of Turbo Warrants Call.

¹²⁰ In case of Turbo Warrants Put.

Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event,]
[less]¹²¹ [greater]¹²² 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 ●¹²³ 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 ●¹²⁴, 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;

¹²¹ In case of Turbo Warrants Call.

¹²² In case of Turbo Warrants Put.

¹²³ Insert name and address.

¹²⁴ 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]¹²⁵ [●]¹²⁶;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means ●;]¹²⁷

“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).

¹²⁵ In case of several series.

¹²⁶ In case of a single series.

¹²⁷ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]¹²⁸.

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 ●¹²⁹, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{130}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{131}$$

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 ●¹³²;

“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 ●¹³³ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange

¹²⁸ In case of Securities represented by a Global Security.

¹²⁹ Insert name and address.

¹³⁰ In case of Turbo Warrants Call.

¹³¹ In case of Turbo Warrants Put.

¹³² Insert name and address.

¹³³ 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]¹³⁴;

“**Exercise Date**” means •¹³⁵;

“**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;]¹³⁶

“**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 •¹³⁷ 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] [•]¹³⁸;

“**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

¹³⁴ In case of Quanto Securities.

¹³⁵ Specify date.

¹³⁶ In case of Securities represented by a Global Security.

¹³⁷ Insert name and address.

¹³⁸ Specify amount.

Disruption Event [or an Emerging Market Disruption Event,] [less]¹³⁹ [greater]¹⁴⁰ 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 ●¹⁴¹ 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 ●¹⁴², subject to a replacement pursuant to General Condition 8;

“**Reference Asset**” means ●¹⁴³, 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.

¹³⁹ In case of Turbo Warrants Call.

¹⁴⁰ In case of Turbo Warrants Put.

¹⁴¹ Insert name and address.

¹⁴² Insert name and address.

¹⁴³ 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]¹⁴⁴ [●]¹⁴⁵;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]¹⁴⁶

“**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:

¹⁴⁴ In case of several series.

¹⁴⁵ In case of a single series.

¹⁴⁶ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]¹⁴⁷.

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 ●¹⁴⁸, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{149}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{150}$$

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 ●¹⁵¹;

[“**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 Underlying 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 [●¹⁵² (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

¹⁴⁷ In case of Securities represented by a Global Security.

¹⁴⁸ Insert name and address.

¹⁴⁹ In case of Turbo Warrants Call.

¹⁵⁰ In case of Turbo Warrants Put.

¹⁵¹ Insert name and address.

¹⁵² 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 Underlying Currency equals 1 unit of the Settlement Currency]¹⁵³;¹⁵⁴

“**Exercise Date**” means ●¹⁵⁵;

“**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;]¹⁵⁶

“**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 ●¹⁵⁷ 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] [●]¹⁵⁸;

“**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]¹⁵⁹ [ask]¹⁶⁰ [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

¹⁵³ In case of Quanto Securities.

¹⁵⁴ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

¹⁵⁵ Specify date.

¹⁵⁶ In case of Securities represented by a Global Security.

¹⁵⁷ Insert name and address.

¹⁵⁸ Specify amount.

¹⁵⁹ In case of Turbo Warrants Call.

¹⁶⁰ In case of Turbo Warrants Put.

Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event,]
[less]¹⁶¹ [greater]¹⁶² 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 ●¹⁶³ 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 ●¹⁶⁴, 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.

¹⁶¹ In case of Turbo Warrants Call.

¹⁶² In case of Turbo Warrants Put.

¹⁶³ Insert name and address.

¹⁶⁴ 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]¹⁶⁵ [●]¹⁶⁶;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]¹⁶⁷

“**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 ●;]¹⁶⁸

“**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

¹⁶⁵ In case of several series.

¹⁶⁶ In case of a single series.

¹⁶⁷ In case of several series.

¹⁶⁸ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

- (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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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]¹⁶⁹; or (B)] generally makes it impossible to deliver the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁷⁰ from accounts in the country of the principal financial centre of the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁷¹ to accounts outside such country or the Settlement Currency and/or Strike Currency [and/or Underlying Currency]¹⁷² 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]¹⁷³; 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]¹⁷⁴ for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or]

¹⁶⁹ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷⁰ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷¹ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷² In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷³ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷⁴ 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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;

- (ii) to replace the Underlying FX Rate by another FX 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 to the Securityholders without undue delay and 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]¹⁷⁵.

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 ●¹⁷⁶, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{177}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{178}$$

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 ●¹⁷⁹;

[“**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,

¹⁷⁵ In case of Securities represented by a Global Security.

¹⁷⁶ Insert name and address.

¹⁷⁷ In case of Turbo Warrants Call.

¹⁷⁸ In case of Turbo Warrants Put.

¹⁷⁹ Insert name and address.

as the case may be,] by reference to [●¹⁸⁰ (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]¹⁸¹;

“**Exercise Date**” means ●¹⁸²;

“**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;]¹⁸³

“**Index**” means [●, subject to an adjustment in accordance with Product Condition 4]¹⁸⁴ [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]¹⁸⁵;

“**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;]

¹⁸⁰ Insert relevant page.

¹⁸¹ In case of Quanto Securities.

¹⁸² Specify date.

¹⁸³ In case of Securities represented by a Global Security.

¹⁸⁴ In case of Turbo Warrants.

¹⁸⁵ 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 ●¹⁸⁶ 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] [●]¹⁸⁷;

“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]¹⁸⁸ [greater]¹⁸⁹ than or equal to the Knock-out Barrier;

“Knock-out Index” means the X-DAX[®] [(Bloomberg Code: ●)] [●]¹⁹⁰ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 8.00 a.m. Central European Time up to (and excluding) 9.00 a.m. Central European Time and from (and including) 5.45 p.m. Central European Time up to (and including) 10.15 p.m. Central European Time;]¹⁹¹

“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;

¹⁸⁶ Insert name and address.

¹⁸⁷ Specify amount.

¹⁸⁸ In case of Turbo Warrants Call.

¹⁸⁹ In case of Turbo Warrants Put.

¹⁹⁰ Insert alternative source where X-DAX is published.

¹⁹¹ 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 ●¹⁹² 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 ●¹⁹³, subject to a replacement pursuant to General Condition 8;

“Reference Index” means DAX[®] [(Bloomberg Code: DAX)] [●]¹⁹⁴ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 9.00 a.m. Central European Time up to (and including) the Valuation Time;]¹⁹⁵

“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

¹⁹² Insert name and address.

¹⁹³ Insert name and address.

¹⁹⁴ Insert alternative source where X-DAX is published.

¹⁹⁵ 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.]¹⁹⁶

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]¹⁹⁷ [●]¹⁹⁸;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]¹⁹⁹

“**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.

¹⁹⁶ In case of Securities where any of the index components is a commodity future contract.

¹⁹⁷ In case of several series.

¹⁹⁸ In case of a single series.

¹⁹⁹ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

- (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.]²⁰⁰

- (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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

²⁰⁰ 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 give notice thereof to the Securityholders without undue delay 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 the Hedging Disruption Termination

Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;

- (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 to the Securityholders without undue delay and 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]²⁰¹.

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 •²⁰², 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{203}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{204}$$

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 •²⁰⁵;

[“**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 [•²⁰⁶ (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

²⁰¹ In case of Securities represented by a Global Security.

²⁰² Insert name and address.

²⁰³ In case of Turbo Warrants Call.

²⁰⁴ In case of Turbo Warrants Put.

²⁰⁵ Insert name and address.

²⁰⁶ 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]²⁰⁷;

“**Exercise Date**” means •²⁰⁸;

“**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;]²⁰⁹

“**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 •²¹⁰ 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] [•]²¹¹;

“**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

²⁰⁷ In case of Quanto Securities.

²⁰⁸ Specify date.

²⁰⁹ In case of Securities represented by a Global Security.

²¹⁰ Insert name and address.

²¹¹ Specify amount.

Disruption Event [or an Emerging Market Disruption Event],] [less]²¹² [greater]²¹³ 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 ●²¹⁴ 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 ●²¹⁵, subject to a replacement pursuant to General Condition 8;

“**Reference Asset**” means ●²¹⁶, 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.

²¹² In case of Turbo Warrants Call.

²¹³ In case of Turbo Warrants Put.

²¹⁴ Insert name and address.

²¹⁵ Insert name and address.

²¹⁶ 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]²¹⁷ [●]²¹⁸;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]²¹⁹

“**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:

²¹⁷ In case of several series.

²¹⁸ In case of a single series.

²¹⁹ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]²²⁰.

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 •²²¹, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{222}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{223}$$

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 •²²⁴;

[“**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 [•²²⁵ (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

²²⁰ In case of Securities represented by a Global Security.

²²¹ Insert name and address.

²²² In case of Turbo Warrants Call.

²²³ In case of Turbo Warrants Put.

²²⁴ Insert name and address.

²²⁵ 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]²²⁶;

“**Exercise Date**” means •²²⁷;

“**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;]²²⁸

“**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 •²²⁹ 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] [•]²³⁰;

“**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]²³¹ [greater]²³² than or equal to the Knock-out Barrier;

²²⁶ In case of Quanto Securities.

²²⁷ Specify date.

²²⁸ In case of Securities represented by a Global Security.

²²⁹ Insert name and address.

²³⁰ Specify amount.

²³¹ In case of Turbo Warrants Call.

²³² 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 ●²³³ 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 ●²³⁴, 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 Share are traded;

“Relevant Number of Trading Days” means ●;

²³³ Insert name and address.

²³⁴ 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]²³⁵ [●]²³⁶;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]²³⁷

“**Settlement Currency**” means ●;

“**Share**” means ●²³⁸, 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).

²³⁵ In case of several series.

²³⁶ In case of a single series.

²³⁷ In case of several series.

²³⁸ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 Share on the Exchange or any other exchange on which the Share is listed; or
- (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange,

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

- (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 the 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 to the Securityholders without undue delay and 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 Share 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 Share of (A) such Share, 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 Share, 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 Share equal to or greater than 8% per annum of the then current market value of the Share;
 - (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 Share.
- (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 the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

“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 Share 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 Share 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 to the Securityholders without undue delay and 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 Share 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 Share or; (B) instruments related to the Share 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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]²³⁹.

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 ●²⁴⁰, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{241}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{242}$$

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 ●²⁴³;

“**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

²³⁹ In case of Securities represented by a Global Security.

²⁴⁰ Insert name and address.

²⁴¹ In case of Turbo Warrants Call.

²⁴² In case of Turbo Warrants Put.

²⁴³ 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 Commodity 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 [•²⁴⁴ (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]²⁴⁵;

"**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

²⁴⁴ Insert relevant page.

²⁴⁵ 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]²⁴⁶ [minus]²⁴⁷ 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[.] [;]]²⁴⁸

[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;]²⁴⁹

“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 •²⁵⁰ 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;]

²⁴⁶ In case of Turbo Warrants Call.

²⁴⁷ In case of Turbo Warrants Put.

²⁴⁸ In case of Turbo Warrants Put.

²⁴⁹ In case of Securities represented by a Global Security.

²⁵⁰ Insert name and address.

“Knock-out Amount” means [EUR 0.001] [●]²⁵¹;

“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]²⁵² [ask high]²⁵³ 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]²⁵⁴ [greater]²⁵⁵ 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 •²⁵⁶ 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

²⁵¹ Specify amount.

²⁵² In case of Turbo Warrants Call.

²⁵³ In case of Turbo Warrants Put.

²⁵⁴ In case of Turbo Warrants Call.

²⁵⁵ In case of Turbo Warrants Put.

²⁵⁶ 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 ●²⁵⁷, 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 a.m. Central European Time]²⁵⁸ [11 a.m. London time]²⁵⁹ [●].

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*).]²⁶⁰ [●]²⁶¹ 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]²⁶² [London]²⁶³ office of four major banks in the [euro-zone interbank market]²⁶⁴ [London interbank market]²⁶⁵ which ordinarily provide quotations for the Rate]²⁶⁶ [●]²⁶⁷;

“**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;

²⁵⁷ Insert name and address.

²⁵⁸ In case of EURIBOR.

²⁵⁹ In case of LIBOR.

²⁶⁰ In case of EURIBOR and LIBOR.

²⁶¹ Insert alternative determination of the Rate.

²⁶² In case of EURIBOR.

²⁶³ In case of LIBOR.

²⁶⁴ In case of EURIBOR.

²⁶⁵ In case of LIBOR.

²⁶⁶ In case of EURIBOR and LIBOR.

²⁶⁷ 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]²⁶⁸ [•]²⁶⁹;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means •;]²⁷⁰

“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:

²⁶⁸ In case of several series.

²⁶⁹ In case of a single series.

²⁷⁰ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]²⁷¹.

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 ●²⁷², 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{273}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{274}$$

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 ●²⁷⁵;

“**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

²⁷¹ In case of Securities represented by a Global Security.

²⁷² Insert name and address.

²⁷³ In case of Turbo Warrants Call.

²⁷⁴ In case of Turbo Warrants Put.

²⁷⁵ 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 [•²⁷⁶ (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]²⁷⁷;]

"**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

²⁷⁶ Insert relevant page.

²⁷⁷ 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[.] [;]]²⁷⁸

[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;]²⁷⁹

“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 •²⁸⁰ 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] [•]²⁸¹;

²⁷⁸ In case of Turbo Warrants Put.

²⁷⁹ In case of Securities represented by a Global Security.

²⁸⁰ Insert name and address.

²⁸¹ 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]²⁸² [greater]²⁸³ 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 •²⁸⁴ 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;

²⁸² In case of Turbo Warrants Call.

²⁸³ In case of Turbo Warrants Put.

²⁸⁴ Insert name and address.

“Principal Paying Agent” means ●²⁸⁵, 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, ●²⁸⁶, 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

²⁸⁵ Insert name and address.

²⁸⁶ 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]²⁸⁷ [●]²⁸⁸;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]²⁸⁹

“**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]²⁹⁰[minus]²⁹¹
- (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.

²⁸⁷ In case of several series.

²⁸⁸ In case of a single series.

²⁸⁹ In case of several series.

²⁹⁰ In case of Turbo Warrants Call.

²⁹¹ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]²⁹².

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 •²⁹³, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{294}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{295}$$

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 •²⁹⁶;

“**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 the [Settlement]²⁹⁷ [Underlying]²⁹⁸ Currency, and prevailing market conditions, including, but not limited to, (a) the liquidity of the global financial markets;

²⁹² In case of Securities represented by a Global Security.

²⁹³ Insert name and address.

²⁹⁴ In case of Turbo Warrants Call.

²⁹⁵ In case of Turbo Warrants Put.

²⁹⁶ Insert name and address.

²⁹⁷ In case the Underlying FX Rate is denominated in the Settlement Currency.

²⁹⁸ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

(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, 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 currencies in the Underlying FX Rate 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 Underlying 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 [•²⁹⁹ (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 Underlying Currency equals 1 unit of the Settlement Currency]³⁰⁰;³⁰¹

“**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

²⁹⁹ Insert relevant page.

³⁰⁰ In case of Quanto Securities.

³⁰¹ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

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 for the Strike Currency [plus]³⁰² [minus]³⁰³ the Current Funding Spread [minus]³⁰⁴ [plus]³⁰⁵ [the Rate for the Settlement Currency]³⁰⁶ [the Rate for the Underlying Currency]³⁰⁷; 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;]³⁰⁸

“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 •;

³⁰² In case of Turbo Warrants Call.

³⁰³ In case of Turbo Warrants Put.

³⁰⁴ In case of Turbo Warrants Call.

³⁰⁵ In case of Turbo Warrants Put.

³⁰⁶ In case the Underlying FX Rate is denominated in the Settlement Currency.

³⁰⁷ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

³⁰⁸ In case of Securities represented by a Global Security.

["**Issuing and Paying Agent**" means ●³⁰⁹ 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] [●]³¹⁰;

"**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]³¹¹ [ask]³¹² [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]³¹³ [greater]³¹⁴ 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 ●;

³⁰⁹ Insert name and address.

³¹⁰ Specify amount.

³¹¹ In case of Turbo Warrants Call.

³¹² In case of Turbo Warrants Put.

³¹³ In case of Turbo Warrants Call.

³¹⁴ In case of Turbo Warrants Put.

["**Paying Agent**" means ●³¹⁵ 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 ●³¹⁶, 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 a.m. Central European Time]³¹⁷ [11 a.m. London time]³¹⁸ [●].

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*).]³¹⁹ [●]³²⁰ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;]³²¹

"**Rate for the Strike Currency**" means [EURIBOR] [LIBOR] [●] as published on ● (or on a page replacing such page) at or about [11 a.m. Central European Time]³²² [11 a.m. London time]³²³ [●].

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*).]³²⁴ [●]³²⁵ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;

³¹⁵ Insert name and address.

³¹⁶ Insert name and address.

³¹⁷ In case of EURIBOR.

³¹⁸ In case of LIBOR.

³¹⁹ In case of EURIBOR and LIBOR.

³²⁰ Insert alternative determination of the Rate.

³²¹ In case the Underlying FX Rate is denominated in the Settlement Currency.

³²² In case of EURIBOR.

³²³ In case of LIBOR.

³²⁴ In case of EURIBOR and LIBOR.

³²⁵ 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 a.m. Central European Time]³²⁶ [11 a.m. London time]³²⁷ [●].

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*).]³²⁸ [●]³²⁹ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate;]³³⁰

"**Reference Bank**" means (a) [with respect to the Rate for the Strike Currency [each of the principal [euro-zone]³³¹ [London]³³² office of four major banks in the [euro-zone interbank market]³³³ [London interbank market]³³⁴ which ordinarily provide quotations for the Rate for the Strike Currency]³³⁵ [●]³³⁶; and (b) with respect to the [Rate for the Settlement Currency]³³⁷ [Rate for the Underlying Currency]³³⁸ [each of the principal [euro-zone]³³⁹ [London]³⁴⁰ office of four major banks in the [euro-zone interbank market]³⁴¹ [London interbank market]³⁴² which ordinarily provide quotations for the [Rate for the Settlement Currency]³⁴³ [Rate for the Underlying Currency]^{344,345} [●]³⁴⁶;

"**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

³²⁶ In case of EURIBOR.

³²⁷ In case of LIBOR.

³²⁸ In case of EURIBOR and LIBOR.

³²⁹ Insert alternative determination of the Rate.

³³⁰ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

³³¹ In case of EURIBOR.

³³² In case of LIBOR.

³³³ In case of EURIBOR.

³³⁴ In case of LIBOR.

³³⁵ In case of EURIBOR and LIBOR.

³³⁶ Insert alternative Reference Bank.

³³⁷ In case the Underlying FX Rate is denominated in the Settlement Currency.

³³⁸ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

³³⁹ In case of EURIBOR.

³⁴⁰ In case of LIBOR.

³⁴¹ In case of EURIBOR.

³⁴² In case of LIBOR.

³⁴³ In case the Underlying FX Rate is denominated in the Settlement Currency.

³⁴⁴ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

³⁴⁵ In case of EURIBOR and LIBOR.

³⁴⁶ Insert alternative Reference Bank.

(*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.

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]³⁴⁷ [•]³⁴⁸;

“Securityholder” has the meaning given in General Condition 2;

[**“Series”** means •;]³⁴⁹

“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 •;]³⁵⁰

“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

³⁴⁷ In case of several series.

³⁴⁸ In case of a single series.

³⁴⁹ In case of several series.

³⁵⁰ In case the Settlement Currency is not part of the Underlying FX Rate or in case the Strike Currency is identical with the Settlement Currency.

“**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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.

- (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]³⁵¹; or (B)] generally makes it impossible to deliver the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³⁵² from accounts in the country of the principal financial centre of the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³⁵³ to accounts outside such country or the Settlement Currency and/or Strike Currency[and/or Underlying Currency]³⁵⁴ 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]³⁵⁵; 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]³⁵⁶ 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

³⁵¹ In case the Settlement Currency is not part of the Underlying FX Rate.

³⁵² In case the Settlement Currency is not part of the Underlying FX Rate.

³⁵³ In case the Settlement Currency is not part of the Underlying FX Rate.

³⁵⁴ In case the Settlement Currency is not part of the Underlying FX Rate.

³⁵⁵ In case the Settlement Currency is not part of the Underlying FX Rate.

³⁵⁶ 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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (ii) to replace the Underlying FX Rate by another FX 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 to the Securityholders without undue delay and 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]³⁵⁷.

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 •³⁵⁸, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{359}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{360}$$

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 •³⁶¹;

“**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,

³⁵⁷ In case of Securities represented by a Global Security.

³⁵⁸ Insert name and address.

³⁵⁹ In case of Turbo Warrants Call.

³⁶⁰ In case of Turbo Warrants Put.

³⁶¹ 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 the Index Components 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 [•³⁶² (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]³⁶³.;]

"**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,

³⁶² Insert relevant page.

³⁶³ 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]³⁶⁴ [minus]³⁶⁵ 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[.] [;]]³⁶⁶

[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;]³⁶⁷

“Index” means [•, subject to an adjustment in accordance with Product Condition 4]³⁶⁸ [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]³⁶⁹;

“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;]

³⁶⁴ In case of Turbo Warrants Call.

³⁶⁵ In case of Turbo Warrants Put.

³⁶⁶ In case of Turbo Warrants Put.

³⁶⁷ In case of Securities represented by a Global Security.

³⁶⁸ In case of Turbo Warrants.

³⁶⁹ 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 •³⁷⁰ 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] [•]³⁷¹;

“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]³⁷² [greater]³⁷³ than or equal to the Knock-out Barrier;

³⁷⁰ Insert name and address.

³⁷¹ Specify amount.

³⁷² In case of Turbo Warrants Call.

³⁷³ In case of Turbo Warrants Put.

["**Knock-out Index**" means the X-DAX[®] [(Bloomberg Code: ●)] [●]³⁷⁴ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 8.00 a.m. Central European Time up to (and excluding) 9.00 a.m. Central European Time and from (and including) 5.45 p.m. Central European Time up to (and including) 10.15 p.m. Central European Time;]³⁷⁵

"**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]³⁷⁶ [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*)]³⁷⁷;]

"**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 ●³⁷⁸ and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

³⁷⁴ Insert alternative source where X-DAX is published.

³⁷⁵ In case of X-Turbo Warrants.

³⁷⁶ In case of Turbo Warrants Call.

³⁷⁷ In case of Turbo Warrants Put.

³⁷⁸ 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 ●³⁷⁹, 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 a.m. Central European Time]³⁸⁰ [11 a.m. London time]³⁸¹ [●].

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*).]³⁸² [●]³⁸³ 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]³⁸⁴ [London]³⁸⁵ office of four major banks in the [euro-zone interbank market]³⁸⁶ [London interbank market]³⁸⁷ which ordinarily provide quotations for the Rate]³⁸⁸ [●]³⁸⁹;

“Reference Index” means DAX[®] Index [(Bloomberg Code: DAX)] [●]³⁹⁰ as generally calculated and announced by the Index Sponsor according to the index rules from (and including) 9.00 a.m. Central European Time up to (and including) the Valuation Time ;]³⁹¹

“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

³⁷⁹ Insert name and address.

³⁸⁰ In case of EURIBOR.

³⁸¹ In case of LIBOR.

³⁸² In case of EURIBOR and LIBOR.

³⁸³ Insert alternative determination of the Rate.

³⁸⁴ In case of EURIBOR.

³⁸⁵ In case of LIBOR.

³⁸⁶ In case of EURIBOR.

³⁸⁷ In case of LIBOR.

³⁸⁸ In case of EURIBOR and LIBOR.

³⁸⁹ Insert alternative Reference Bank.

³⁹⁰ Insert alternative source where X-DAX is published.

³⁹¹ 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.]³⁹²

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]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
- (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

³⁹² In case of Securities where any of the index components is a commodity future contract.

³⁹³ In case of several series.

³⁹⁴ In case of a single series.

³⁹⁵ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

- (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.]³⁹⁶

³⁹⁶ 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

- [(b)] Index Early Termination. Following an Index Early Termination Event, the Securities will terminate automatically and the Issuer will give notice thereof to the Securityholders without undue delay 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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;
 - (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 to the Securityholders without undue delay and 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]³⁹⁷.

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 •³⁹⁸, 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.]³⁹⁹

[(Strike – Final Reference Price) x Multiplier.]⁴⁰⁰

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 •⁴⁰¹;

“**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

³⁹⁷ In case of Securities represented by a Global Security.

³⁹⁸ Insert name and address.

³⁹⁹ In case of Turbo Warrants Call.

⁴⁰⁰ In case of Turbo Warrants Put.

⁴⁰¹ 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 [•⁴⁰² (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]⁴⁰³;]

"**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

⁴⁰² Insert relevant page.

⁴⁰³ 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[.] [;]]⁴⁰⁴

[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;]⁴⁰⁵

“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 •⁴⁰⁶ 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] [•]⁴⁰⁷;

⁴⁰⁴ In case of Turbo Warrants Put.

⁴⁰⁵ In case of Securities represented by a Global Security.

⁴⁰⁶ Insert name and address.

⁴⁰⁷ 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]⁴⁰⁸ [greater]⁴⁰⁹ 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 •⁴¹⁰ 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;

⁴⁰⁸ In case of Turbo Warrants Call.

⁴⁰⁹ In case of Turbo Warrants Put.

⁴¹⁰ Insert name and address.

“Principal Paying Agent” means •⁴¹¹, 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, •⁴¹², 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

⁴¹¹ Insert name and address.

⁴¹² 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]⁴¹³ [●]⁴¹⁴;

“**Securityholder**” has the meaning given in General Condition 2;

[“**Series**” means ●;]⁴¹⁵

“**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]⁴¹⁶[minus]⁴¹⁷
- (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.

⁴¹³ In case of several series.

⁴¹⁴ In case of a single series.

⁴¹⁵ In case of several series.

⁴¹⁶ In case of Turbo Warrants Call.

⁴¹⁷ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.
- (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 to the Securityholders without undue delay and 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;

(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 to the Securityholders without undue delay and 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]⁴¹⁸.

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 •⁴¹⁹, 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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{420}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{421}$$

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 •⁴²²;

“**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,

⁴¹⁸ In case of Securities represented by a Global Security.

⁴¹⁹ Insert name and address.

⁴²⁰ In case of Turbo Warrants Call.

⁴²¹ In case of Turbo Warrants Put.

⁴²² 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 Share 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 [•⁴²³ (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]⁴²⁴;]

"**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;

⁴²³ Insert relevant page.

⁴²⁴ 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]⁴²⁵ [minus]⁴²⁶ 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[.] [;]]⁴²⁷

[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;]⁴²⁸

“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 •⁴²⁹ 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] [•]⁴³⁰;

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

⁴²⁵ In case of Turbo Warrants Call.

⁴²⁶ In case of Turbo Warrants Put.

⁴²⁷ In case of Turbo Warrants Put.

⁴²⁸ In case of Securities represented by a Global Security.

⁴²⁹ Insert name and address.

⁴³⁰ 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]⁴³¹ [greater]⁴³² 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 Share 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]⁴³³ [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*)]⁴³⁴;]

"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 •;

⁴³¹ In case of Turbo Warrants Call.

⁴³² In case of Turbo Warrants Put.

⁴³³ In case of Turbo Warrants Call.

⁴³⁴ In case of Turbo Warrants Put.

["**Paying Agent**" means ●⁴³⁵ 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 ●⁴³⁶, 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 a.m. Central European Time]⁴³⁷ [11 a.m. London time]⁴³⁸ [●].

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*).]⁴³⁹ [●]⁴⁴⁰ 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]⁴⁴¹ [London]⁴⁴² office of four major banks in the [euro-zone interbank market]⁴⁴³ [London interbank market]⁴⁴⁴ which ordinarily provide quotations for the Rate]⁴⁴⁵ [●]⁴⁴⁶;

"**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.

⁴³⁵ Insert name and address.

⁴³⁶ Insert name and address.

⁴³⁷ In case of EURIBOR.

⁴³⁸ In case of LIBOR.

⁴³⁹ In case of EURIBOR and LIBOR.

⁴⁴⁰ Insert alternative determination of the Rate.

⁴⁴¹ In case of EURIBOR.

⁴⁴² In case of LIBOR.

⁴⁴³ In case of EURIBOR.

⁴⁴⁴ In case of LIBOR.

⁴⁴⁵ In case of EURIBOR and LIBOR.

⁴⁴⁶ 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 Share 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 herein⁴⁴⁷ [•]⁴⁴⁸;

“Securityholder” has the meaning given in General Condition 2;

“Series” means •;⁴⁴⁹

“Settlement Currency” means •;

“Share” means •⁴⁵⁰, 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

⁴⁴⁷ In case of several series.

⁴⁴⁸ In case of a single series.

⁴⁴⁹ In case of several series.

⁴⁵⁰ 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 no later than on the Maturity Date any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder.

- (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 Share on the Exchange or any other exchange on which the Share is listed; or
 - (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange,if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (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 the 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 to the Securityholders without undue delay and 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 Share 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 Share of (A) such Share; 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 Share, 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 Share equal to or greater than 8% per annum of the then current market value of the Share;
- (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 Share.
- (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 the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

“**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 Share 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 Share 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 to the Securityholders without undue delay and 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 Share 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 to the Securityholders without undue delay and 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 the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay.

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 Share; or (B) instruments related to the Share 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 the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder without undue delay;

- (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 to the Securityholders without undue delay and 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. •

●⁴⁵¹

[COMMODITY] [COMMODITY FUTURES CONTRACTS] [CURRENCY] [INDEX] [INDEX FUTURES CONTRACTS]
[SINGLE STOCK] [OPEN END] [QUANTO] [TURBO] [X-TURBO] WARRANTS [CALL] [PUT]

⁴⁵¹ Insert date.

This document constitutes the final terms (the “**Final Terms**”) of each series of [Open End] [Quanto] 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 13 June 2014 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**”).

[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 11 June 2013 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” in 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.]

[These Final Terms are published for the continuation of the public offer of the Securities described herein.]

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)]
• ⁴⁵²	•] ⁴⁵³	•] ⁴⁵⁴	•] ⁴⁵⁵	•] ⁴⁵⁶	•] ⁴⁵⁷	• ⁴⁵⁸

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: •.]

[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: • [regarding the [initial] [•] issue of • issued on •]⁴⁵⁹ [and] [• regarding the increased amount • issued on •]⁴⁶⁰

[End of the public offer: •. The offer period may be extended or shortened.]

Country/Countries: [Germany] [and] [Austria] [Finland] [and] [Sweden]

[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

⁴⁵² This option may be used multiple times.

⁴⁵³ This option may be used multiple times.

⁴⁵⁴ This option may be used multiple times.

⁴⁵⁵ This option may be used multiple times.

⁴⁵⁶ This option may be used multiple times.

⁴⁵⁷ Other securities code to be inserted. This option may be used multiple times.

⁴⁵⁸ 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.

⁴⁵⁹ This option may be used multiple times.

⁴⁶⁰ This option may be used multiple times.

correctly reproduced. As far as the Issuer is aware and is 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.] [●]⁴⁶¹

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” in the Base Prospectus.

⁴⁶¹ 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

•⁴⁶²

⁴⁶² 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]

•⁴⁶³

⁴⁶³ Completed Product Conditions to be inserted.

ANNEX TO THE FINAL TERMS – SUMMARY

•⁴⁶⁴

⁴⁶⁴ Completed Summary to be inserted.

SIGNATURE PAGE

London, 13 June 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory