PROSPECTUS

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SCO90312)

Principal-Protected and Non-Principal Protected Notes
Base Prospectus Active Investment Strategy (Autopilot)

This prospectus (this **Prospectus**) comprises a base prospectus in respect of the above notes (the **Notes**) to be issued by The Royal Bank of Scotland plc (the **Issuer**) for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000 (the **UK Listing Authority**).

Application will, if so specified in the relevant Final Terms, be made to the UK Listing Authority for the Notes to be admitted to the Official List of the UK Listing Authority, and to the London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market. Such market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**). Application may also be made to list or admit to trading the Notes on any other or additional stock exchange(s) or regulated market(s) as may be specified in the relevant Final Terms.

The Issuer has requested the UK Listing Authority to provide the competent authorities in Denmark, Finland, Norway and Sweden for the purposes of the Prospectus Directive, with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive.

The final terms relevant to an issue of Notes which are to be admitted to trading on a regulated market as described above or in respect of offers which do not fall within Article 3.2 of the Prospectus Directive will be set out in a document (the **Final Terms**) which will be delivered to the UK Listing Authority and made available, free of charge, to the public at the registered office of the Issuer and at the offices of the relevant distributor(s) specified in the relevant Final Terms (each, a **Distributor** and together, the **Distributors**) and Paying Agents.

Any person (an **Investor**) intending to acquire or acquiring any Notes from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in Section 102B of the Financial Services and Markets Act 2000 (the **FSMA**), the Issuer may only be responsible to the Investor for this Base Prospectus under Section 90 of the FSMA Act 2000 if the Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of Section 90 of the FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice. Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information. This does not affect any responsibility which the Issuer may otherwise have under applicable laws.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer, the Trustee or any Distributor in that regard. See section on Risk Factors.

Arranger

The Royal Bank of Scotland plc

21 May 2010

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

The previous paragraph should be read in conjunction with paragraph 6 on the first page of this Prospectus.

The Issuer will not be providing any post issuance information in relation to the Notes.

The Issuer will not be obliged to gross up any payments in respect of any Notes and will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, or transfer, of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and, if in bearer form, will be subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

Neither the Trustee nor any Distributor has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or the Distributor(s) as to the accuracy or completeness of the information contained in this Prospectus or any financial statements or any other information provided by the Issuer in connection with the Notes.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or which is inconsistent with this Prospectus or any document incorporated by reference in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Distributor(s) or the Trustee.

Neither this Prospectus nor any document incorporated by reference in this Prospectus (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Distributor(s) or the Trustee that any recipient of this Prospectus or any financial statements should purchase any Notes. Each investor contemplating purchasing any Notes should make its own (i) independent investigation of the financial condition and affairs and (ii) appraisal of the creditworthiness, of the Issuer. Further, each investor should consider the suitability of the relevant Notes as an investment in the light of its own circumstances and financial condition and after due consideration of an investment linked to the Underlying(s). Neither this Prospectus nor any document incorporated by reference in this Prospectus constitutes an offer or invitation by or on behalf of the Issuer, any Distributor or the Trustee to any person to subscribe for or to purchase any Notes.

The delivery of this Prospectus does not at any time imply that the information contained in this Prospectus concerning the Issuer is correct at any time subsequent to the date of this Prospectus or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

None of the Issuer, the Distributor(s) or the Trustee represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, any Distributor or the Trustee which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required other than in the jurisdiction, specified in the relevant Final Terms, in which such Notes are to be offered (the **Offering Jurisdiction**). Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions.

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DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents (except the documents incorporated by reference therein), which have been previously published and which have been approved by the Financial Services Authority or filed with it:

(i) the Prospectus dated 27 April 2010 relating to the Issuer's U.S.$50,000,000,000 Structured Note Programme (excluding the sections entitled "*Summary of the Programme and Terms and Conditions of the Notes*" and "*Form of Final Terms*") (the **Programme Prospectus**);

(ii) the supplement to the Programme Prospectus dated 11 May 2010 (which, among other things, pursuant to the to wording set out on pages 8 to 9 inclusive of the supplement, updated the risk factor in the section headed "*Risks Factors Relating to the Issuer*" and specifically the paragraph numbered "(iv)" on page 17 as set out in the Programme Prospectus);

(iii) the registration document of the Issuer dated 10 March 2010, which was published via the Regulatory News Service (**RNS**) of the London Stock Exchange plc (the **London Stock Exchange**) on 10 March 2010, provided that (i) the following statement shall be deemed to be included immediately following the table ending on page 50 of the registration document under the section headed "*Directors and Corporate Governance*": "Brendan Nelson has been appointed as a Non-executive Director of RBSG and RBS with effect from 1 April 2010. Brendan will succeed Archie Hunter as Chairman of the Group Audit Committee with effect from the conclusion of the Group's Annual General Meeting on 28 April 2010."; (ii) the first paragraph under the heading "*No Significant Change and No Material Adverse Change*" on page 60 of the registration document shall be deemed to be deleted in its entirety and replaced by the following statement: "There has been no significant change in the trading or financial position of RBS and its subsidiaries taken as a whole since 31 December 2009 (the end of the last financial period for which either audited financial information or interim financial information has been published)."; (iii) the second paragraph under the heading "*No Significant Change and No Material Adverse Change*" on page 61 shall be deemed to be deleted in its entirety and replaced by the following statement: "There has been no material adverse change in the prospects of the Issuer Group taken as a whole since 31 December 2009 (the last date to which the latest audited published financial information of the Issuer Group was prepared)."; (iv) the risk factors headed (A) "*As a condition to HM Treasury Support, RBSG has agreed to certain undertakings which may serve to limit the Group's operations and it may be required to agree to further restrictions in the future*"; (B) "*The restructuring proposals for ABN AMRO are complex and may not realise the anticipated benefits for the Group*"; (C) "*The Group was required to obtain State aid approval, for the aid given to the Group by HM Treasury and for the Group's State aid restructuring plan, from the European Commission. The Group is subject to a variety of risks as a result of implementing the State aid restructuring plan. The State aid restructuring plan includes a prohibition on the making of discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B Shares) for a two-year period commencing no later than 30 April 2010, which may impair the Group's ability to raise new Tier 1 capital through the issuance of ordinary shares and other Securities*"; (D) "*The Group's businesses, earnings and financial condition have been and will continue to be affected by the global economy and instability in the global financial markets"; (E) "The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, affected by depressed asset valuations resulting from poor market conditions*"; (F) "*The Group's business* *performance could be adversely affected if its capital is not managed effectively or if there are changes to capital adequacy and liquidity requirements*"; (G) "*The Group's results have been and could be further adversely affected in the event of goodwill impairment*"; and (H) "*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*" shall each be deemed to be amended as set out in the *Risk Factors* section of the Programme Prospectus, sub-section *Risk Factors relating to the Issuer* (as supplemented by the supplementary prospectus dated 11 May 2010); (v) the risk factor set out in paragraph (ix) of the *Risk Factors* section of the Programme Prospectus, sub-section *Risk Factors relating to the Issuer* (as supplemented by the supplementary prospectus dated 11 May 2010) shall be deemed to be included; (vi) the risk factor headed "*Each of the Group's businesses is subject to substantial regulation and oversight. Any significant regulatory developments could have an effect on how the Issuer Group conducts its business and on its results of operations and financial condition*" shall be deemed to be amended as set out in "*Risk Factors*" herein, at the end of the sub-section "*Risks relating to the Issuer*"; (vii) the second and third paragraphs on page 38 of the registration document under the heading "*Description of the Royal Bank of Scotland plc*" shall be deemed to be deleted in its entirety and replaced by the following: "The United Kingdom Government currently holds 68.39 per cent of the issued ordinary share capital of RBSG. This was reduced from 70.3 per cent following completion of a conversion of a series of preference shares into ordinary shares on 31 March 2010. On 22 December 2009, RBSG issued £25.5 billion of B Shares to HM Treasury. The B Shares are convertible, at the option of the holder at any time, into Ordinary Shares. HM Treasury has agreed that it shall not exercise rights of conversion in respect of the B Shares if and to the extent that following any such conversion it would hold more than 75 per cent. of the total issued shares in RBSG. Furthermore, HM Treasury has agreed that it shall not be entitled to vote in respect of the B Shares or the Dividend Access Share held by it to the extent that votes cast on such shares, together with any other votes which HM Treasury is entitled to cast in respect of any other shares held by or on behalf of HM Treasury, would exceed 75 per cent. of the total votes eligible to be cast on a resolution proposed at a general meeting of RBSG. The issue of the £25.5 billion of B Shares to HM Treasury on 22 December 2009 increased HM Treasury's economic interest in RBSG to 84.4 per cent but this was reduced to 83.18 per cent following completion of a conversion of a series of preference shares into ordinary shares on 31 March 2010. If the £8 billion Contingent B Shares were issued to HM Treasury (which is subject to certain conditions being met), assuming no other dilutive issuances, HM Treasury's economic interest in RBSG would increase further to 85.3 per cent. In addition, HM Treasury's economic interest in RBSG would also increase if RBSG elects to issue B Shares to HM Treasury as a means of paying the annual fee due under the APS or the Contingent Subscription (both of which would require the consent of HM Treasury) or to fund dividend payments under the terms of the Dividend Access Share or the B Shares."; and (viii) the fourth paragraph on page 47 of the registration document under the heading "*Other Investigations*" shall be deemed to be deleted in its entirety and replaced with the following: "In January 2010, the FSA informed the Group that it intended to commence an investigation into certain aspects of the handling of customer complaints. On 25 March 2010, the FSA formally notified the Group of the appointment of investigators in respect of aspects of complaint handling relating to RBS and NatWest retail bank products and services. RBSG and its subsidiaries intend to co-operate fully with this investigation." (the **Registration Document**);

(iv) the annual report and accounts of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2009 (excluding the section headed "Risk Factors" on pages 5 to 23), published on 9 April 2010;

(v) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 together with the audit report thereon;

(vi) the following sections of the 2009 annual report and accounts of The Royal Bank of Scotland Group plc (**RBSG**), published on 18 March 2010:

(A) Independent auditors' report to the members of The Royal Bank of Scotland Group plc on page 240;

(B) Consolidated income statement for the year ended 31 December 2009 on page 241;

(C) Consolidated statement of comprehensive income for the year ended 31 December 2009 on page 242;

(D) Balance sheets as at 31 December 2009 on page 243;

(E) Statements of changes in equity for the year ended 31 December 2009 on pages 244 to 246;

(F) Cash flow statements for the year ended 31 December 2009 on page 247;

(G) Accounting policies on pages 248 to 258;

(H) Notes on the accounts for the year ended 31 December 2009 on pages 259 to 348;

(I) What we have achieved on page 1;

(J) Chairman's statement on pages 2 to 3;

(K) Group Chief Executive's review on pages 4 to 6;

(L) Our strategic plan and progress on pages 12 to 19;

(M) Divisional review on pages 20 to 41;

(N) Business review on pages 49 to 206;

(O) Report of the Directors on pages 208 to 213;

(P) Corporate governance on pages 214 to 222;

(Q) Letter from the Chairman of the Remuneration Committee on pages 223 to 224;

(R) Directors' remuneration report on pages 225 to 236;

(S) Directors' interests in shares on page 237;

(T) Financial Summary on pages 350 to 359;

(U) Exchange rates on page 359;

(V) Economic and monetary environment on page 360;

(W) Supervision on page 361;

(X) Regulatory developments and reviews on pages 361 to 362;

(Y) Description of property and equipment on pages 362 to 363;

(Z) Major shareholders on page 363;

(AA) Material contracts on pages 363 to 369; and

(BB) Glossary of terms on pages 383 to 387;

(vii) the following sections of the 2008 annual report and accounts of RBSG, published via RNS on 9 March 2009:

(A) Independent auditors' report for the year ended 31 December 2008 on pages 172 to 173;

(B) Consolidated income statement for the year ended 31 December 2008 on page 174;

(C) Balance sheets as at 31 December 2008 on page 175;

(D) Statements of recognised income and expense for the year ended 31 December 2008 on page 176;

(E) Cash flow statements for the year ended 31 December 2008 on page 177;

(F) Accounting policies on pages 178 to 188;

(G) Notes on the accounts for the year ended 31 December 2008 on pages 189 to 266;

(H) Business review on pages 23 to 144;

(I) Report of the Directors on pages 148 to 152;

(J) Corporate governance on pages 153 to 158;

(K) Letter from the Chairman of the Remuneration Committee on page 159;

(L) Directors' remuneration report on pages 160 to 168;

(M) Directors' interests in shares on page 169;

(N) Amounts in accordance with IFRS on pages 268 to 277;

(O) Exchange rates on page 277;

(P) Economic and monetary environment on page 278;

(Q) Supervision on page 279;

(R) Regulatory reviews and developments on pages 280 to 281;

(S) Description of property and equipment on page 281;

(T) Major shareholders on page 281; and

(U) Material contracts on pages 281 to 284;

(viii) the RBSG Interim Management Statement Q1 2010 published via RNS on 7 May 2010;

(ix) the following sections of the prospectus published on 16 March 2009 in connection with RBSG's placing and open offer of 16,909,716,385 ordinary shares, which comprises a prospectus prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of the FSMA:

(A) "Important Information" on pages 28 to 31;

(B) Part I (Letter From the Chairman of RBS) on pages 35 to 39 excluding the paragraphs under the heading “Trading and outlook” on pages 38 and 39;

(C) Appendix to the Letter From the Chairman of RBS on pages 40 to 50 excluding Part A paragraph 10 (Overseas Shareholders) on page 46, Part A paragraph 11 (UK and US Taxation) on page 46 and Part A paragraph 12 (Action to be taken in respect of the Open Offer) on pages 46 to 48;

(D) the following paragraphs of Part IX (Additional Information) on pages 106 to 151:

- 8 (Remuneration details, Directors’ service contracts and letters of appointment) on pages 122 to 126;
- 9 (Board practices) on pages 126 to 128; and
- 13 (RBS Employee Share Plans) on pages 130 to 138; and

(E) Part XI (Definitions) on pages 154 to 162;

(x) the following sections of the Shareholder Circular published by RBSG on 27 November 2009:

(A) “Financial Information” on page 5;

(B) “Part I – Letter From the Chairman of RBS” on pages 10 to 20;

(C) “Appendix 2 to the Letter From the Chairman of RBS – Principal Terms and Conditions of the APS” on pages 46 to 75;

(D) “Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share” on pages 76 to 84;

(E) “Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan” on pages 85 to 86;

(F) “Part II – Capital Resources and Liquidity Management” on pages 89 to 94;

(G) “Part IV – Additional Information – 9 Material contracts” on pages 111 to 118;

(H) “Part VI – Definitions” on pages 121 to 133;

(I) “Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share” on pages 134 to 170; and

(J) “Annex 3 – Scheme Principles” on pages 177 to 181;

(xi) the announcement headed “The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities”, published via RNS on 20 October 2009;

(xii) the press release headed “The Royal Bank of Scotland Group plc (RBSG) - Convertible Preference Share, Employee Deferral Plan and Liability Management”, published via RNS on 25 March 2010;

(xiii) the press release headed “The Royal Bank of Scotland Group plc Announces Proposed Liability Management Exercise”, published via RNS on 25 March 2010;

(xiv) the press release headed “The Royal Bank of Scotland Group plc and National Westminster Bank Public Limited Company Announce a Proposed Liability Management Exercise”, published via RNS on 25 March 2010;

(xv) the press release headed “The Royal Bank of Scotland Group plc launches Upper Tier 2 Exchange Offers and Tier 1 Tender Offers and Announces Further Details of EC Dividend/Coupon Deferral”, published via RNS on 6 April 2010;

(xvi) the press release headed “The Royal Bank of Scotland Group plc and National Westminster Bank Public Limited Company Launch a Cash Tender Offer for Certain Outstanding Securities; Further Details of EC Dividend/Coupon Deferral Announced”, published via RNS on 6 April 2010;

(xvii) the press release of RBSG headed “The Royal Bank of Scotland Group plc Announces Results of Upper Tier 2 Exchange Offers and Aggregate Liquidation Preference/Principal Amount of Tier 1 Securities Validly Tendered as Part of the tender offers”, published via RNS on 28 April 2010;

(xviii) the press release of RBSG headed “The Royal Bank of Scotland Group plc Announces Pricing of Upper Tier 2 Exchange Offers, Results of Meetings and Acceptances of Exchange and Tender Offers, published via RNS on 29 April 2010;

(xix) the press release of RBSG headed “The Royal Bank of Scotland Group plc and National Westminster Bank Public Limited Company Announce Preliminary Results of their Tender Offer”, published via RNS on 4 May 2010;

(xx) the press release of RBSG headed “The Royal Bank of Scotland Group plc and National Westminster Bank Public Limited Company Announce Final Results of their Tender Offer” published via RNS on 6 May 2010; and

(xxi) the press release of RBSG headed “Royal Bank of Scotland Group PLC – Final Settlement Reached with the US Dept of Justice” published via RNS on 11 May 2010,

each of which shall be deemed to be incorporated in, and form part of, this Prospectus.

Any document which is incorporated by reference into any of the documents deemed to be incorporated by reference in, and form part of, this Prospectus shall not constitute a part of this Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the financial information which is incorporated herein by reference. Written or oral requests for such financial information should be directed to the Issuer at its principal office set out at the end of this Prospectus.

In addition, copies of documents incorporated by reference in this Prospectus will be available for viewing on the website of the RNS at http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

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

SUMMARY

The Royal Bank of Scotland plc

Principal-Protected and Non-Principal Protected Notes (the Notes)

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. No civil liability in respect of this summary will attach to the Issuer in any Member State of the European Economic Area in which the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) have been implemented unless this summary, including any translation thereof, is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in such a Member State, the plaintiff may, under the national legislation of that Member State, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Description of the Issuer

The Royal Bank of Scotland plc (the **Issuer**, and together with its subsidiaries, the **Issuer Group**) is a wholly owned subsidiary of The Royal Bank of Scotland Group plc (**RBSG**, and together with its subsidiaries, the **Group**). RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, the Issuer and National Westminster Bank Plc (**NatWest**). The Issuer is a public limited company incorporated in Scotland. The Issuer and NatWest are major United Kingdom clearing banks. In the United States, the Group's subsidiary Citizens is a large commercial banking organisation. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers in over 50 countries.

The Group had total assets of £1,696.5 billion and owners' equity of £77.7 billion as at 31 December 2009. The Group's capital ratios as at that date, which included the equity minority interest of the State of the Netherlands and Banco Santander in RBS Holdings N.V. (formerly ABN AMRO Holding N.V.), were a total capital ratio of 16.1 per cent., a Core Tier 1 capital ratio of 11.0 per cent. and a Tier 1 capital ratio of 14.1 per cent.

The Issuer had total assets of £1,333.0 billion and owners' equity of £55.1 billion as at 31 December 2009. The Issuer's capital ratios as at that date were a total capital ratio of 14.8 per cent. and a Tier 1 capital ratio of 10.5 per cent.

Description of the Notes

The Notes are denominated in the Specified Currency set out in the Final Terms and are either principal-protected or non-principal protected notes. The issue price of each Note will be set out in the Final Terms. The amount which will be paid to investors at maturity (the **Final Redemption Amount**) is linked to the performance of the Autopilot Strategy (the **Strategy**), which, in turn, is linked to the performance of one or more Baskets. Each Basket will comprise either (i) a single index, share (which may be a share in an exchange traded fund) or commodity (or relevant futures or forward contract), (together, the **Underlyings** and each, an **Underlying**) or (ii) of one or more baskets comprised of such Underlyings, (or a combination of any of them), in each case as specified in the Final Terms.

Application will, if so specified in the Final Terms, be made for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market (and/or such other or additional stock exchange(s) or regulated market(s) as may be specified in the Final Terms).

Interest

The Notes will not bear interest.

Return at Maturity

On the Maturity Date, investors will receive an amount for each Note equal to the Nominal Amount multiplied by a percentage equal to the sum of (i) the principal protection percentage of the Notes specified in the Final Terms (which will be (A) equal to or greater than 100 per cent. in the case of principal-protected Notes and (B) less than 100 per cent. but equal to or greater than zero in the case of non-principal protected Notes and which may, in each case, be less than the Issue Price) (the **Principal Protection Percentage**) and (ii) the Return.

Return means the greater of (i) a percentage equal to the product of (x) the Final Strategy Level divided by the Initial Strategy Level, minus one and (y) the Participation (as explained below) and (ii) zero.

Issue Price means the Issue Price specified in the Final Terms.

Maturity Date means the date specified as such in the Final Terms.

Nominal Amount means an amount equal to the Specified Denomination set out in the Final Terms.

Participation means the participation percentage, subject to the Minimum Participation. The indicative Participation will be set out in the Final Terms. The Participation will be set based on the market conditions on or before the Strike Date, and will be notified to investors in accordance with Article 8 of the Prospectus Directive.

Strike Date means the date specified as such in the Final Terms.

Initial Strategy Level

The Initial Strategy Level will be 100 (or such other level as specified in the Final Terms).

Final Strategy Level

The calculation of the Final Strategy Level is based on a dynamic rules-based strategy which notionally allocates the invested funds between the Basket(s) specified in the Final Terms (each, a **Basket**) and cash. An allocation of invested funds to a Basket will occur on a Rebalancing Date when the Basket's current price is above its moving average of recent prices. Otherwise, the invested funds are allocated to cash when the Basket's current price is below its moving average of recent prices.

The Final Strategy Level will be either (i) the Strategy Level on the Final Rebalancing Date or (ii) an arithmetic average of the Strategy Levels determined over a number of Rebalancing Dates prior to and including the Final Rebalancing Date, all as specified in the Final Terms.

The **Strategy Level** as at a Rebalancing Date is calculated by taking the Strategy Level as at the previous Rebalancing Date and multiplying it by the sum of (i) one and (ii) the Strategy Return as at the current Rebalancing Date.

The **Strategy Return** as at a Rebalancing Date is the arithmetic average of the Invested Return of each Basket as at such Rebalancing Date.

To determine the **Invested Return** of a Basket as at a Rebalancing Date, it is first determined if the price or level of that Basket on the Determination Date related to the previous Rebalancing Date was higher than its Moving Average on such Determination Date.

If the price or level of the Basket on the Determination Date related to the previous Rebalancing Date was higher than its Moving Average, the Invested Return for such Basket will be equal to the lesser of (i) the Basket Value on the current Rebalancing Date divided by the Basket Value on the previous Rebalancing Date, minus 1 and (ii) the Cap.

If the price or level of the Basket on the Determination Date related to the previous Rebalancing Date was lower than its Moving Average, the Invested Return for such Basket will be equal to the lesser of (i) the return on a notional cash deposit at the rate specified in the Final Terms (the **Reserve Rate**) and (ii) the Cap.

The **Moving Average** of a Basket is the average price or level of such Basket over a prior number of observation points (**L**) specified in the Final Terms in respect of such Basket. The number of observation points (**L**) used to calculated the Moving Average may differ from Basket to Basket.

The return on any Underlying in respect of a Rebalancing Date is equal to the level of the relevant Underlying on the Rebalancing Date divided by the level of the relevant Underlying on the previous Rebalancing Date, less one.

The **Basket Value** on any Rebalancing Date is the Basket Value on the previous Rebalancing Date multiplied by the percentage return notionally received in respect of the relevant Basket.

Cap means the Monthly Cap on Invested Return as specified in the Final Terms.

Determination Date means, subject to the detailed provisions in the terms and conditions in relation to market disruptions, in respect of any Rebalancing Date, the scheduled trading day immediately preceding such Rebalancing Date.

Final Rebalancing Date means the Rebalancing Date specified as such in the Final Terms.

Rebalancing Date means, subject to the detailed provisions in the terms and conditions relating to market disruptions, each calendar day (as specified in the Final Terms and if any such a day is not a scheduled trading day, the next calendar day which is a scheduled trading day) from and including the Strike Date to and including the Final Rebalancing Date.

Early Redemption

Unless otherwise provided in the Final Terms, the Notes may only be redeemed before the Maturity Date for the reasons set out in the terms and conditions of the Notes including, but not limited to, a default by the Issuer, the illegality of the Issuer's payment obligations or its hedging arrangements or certain changes affecting the tax treatment of the Issuer or its affiliates in relation to the Notes or their hedging arrangements in respect of the Notes. In such event the Issuer will redeem each Note at its early redemption amount being such Note's fair market value immediately prior to the date on which they became redeemable (ignoring any such illegality) less (except in the case of a default by the Issuer) the cost of unwinding such hedging arrangements.

The full terms and conditions contain provisions dealing with non-business days, disruptions and adjustments that may affect the Basket(s) and the Underlying(s).

Indicative prices of the Notes

The Issuer will publish indicative bid and offer prices for the Notes on a daily basis as set out in the Final Terms. In determining such indicative prices, the Issuer will take into account the current Strategy Level, the capital protection (if applicable) and current and expected future market conditions. Investors should be aware that such bid and offer prices for the Notes are only indicative prices and not 'firm' prices at which the Issuer will necessarily buy or sell the Notes.

Risk Factors

Risks relating to the Issuer

Noteholders are exposed to the credit risk of the Issuer. If the Issuer fails or becomes insolvent, Noteholders may lose some or all of their investment.

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

Risks relating to the Notes

The following risk factors shall be read in conjunction with the risk factors as set out in the Programme Prospectus as supplemented herein. The terms of the Notes provide that the Final Redemption Amount will be dependent upon the performance of the Strategy. The performance of the Strategy in turn depends upon the performance of each Basket and, therefore, of each such Basket's constituent Underlyings.

If "Exchange Rate" is specified to apply in the Final Terms, investors are exposed to fluctuations in the relevant exchange rate which may adversely affect the Final Redemption Amount.

In the case 100 per cent. of principal-protected Notes, the Final Redemption Amount (but not any Early Redemption Amount) of each Note is subject to a minimum of its Nominal Amount (which may be less than the issue price). If the Issue Price of the Notes is higher than 100 per cent., investors risk losing part of their investment.

In the case of non-principal protected Notes, neither the Final Redemption Amount nor any Early Redemption Amount of each Note is 100 per cent. principal protected and the Final Redemption Amount may be zero. Investors therefore risk losing all or part of their investment.

In the event of any postponement of the Rebalancing Date due to market disruption, the Issuer may make certain adjustments to the terms and conditions of the Notes.

Investors should be aware that although the value of the Notes on any given day (the **Notes Value**) will take into account the current Strategy Level, the Notes Value may not directly correlate with the current Strategy Level.

The Notes do not bear any interest.

An investment in the Notes is not the same as an investment in any or all of the Baskets (or their constituent Underlying(s)). In particular, investors will not benefit from any dividends. Where an Underlying is a commodity, fluctuations in the price of the commodity may affect the value of the

Notes. The value of a commodity is subject to the supply of, and/or demand for, such commodity and whether or not any alternatives to that commodity exist. Current market conditions for a commodity do not guarantee the performance, demand or supply of that commodity in the future.

The level of any Underlying(s) may go down as well as up throughout the term of the Notes. Furthermore, the level of the Underlying(s) at any specific date may not reflect their prior or future performance. There can be no assurance as to the future performance of Baskets (or their constituent Underlyings). Accordingly, before investing in the Notes, prospective investors should carefully consider whether an investment based on the performance of the Baskets (and their constituent Underlyings) is suitable for them.

The Notes involve complex risks, including, among other things, share price risks, credit risks, interest rate risks, commodity price risks and/or political risks.

Where the Notes relate to Baskets (and their constituent Underlyings) which involve emerging market countries, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

It is not possible to predict the price at which the Notes will trade in the market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, purchase Notes at any time at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. The market for the Notes may be limited. The only way in which a holder can realise value from a Note prior to the Maturity Date is to sell it at its then market price in the market which may be less than the amount initially invested.

Fluctuations in the price(s) or level(s) of any Underlying(s) and in the Reserve Rate may affect the value of the Notes.

Accordingly, an investment in the Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The level and basis of taxation on the Notes and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor’s individual circumstances. The tax and regulatory characterisation of the Notes may change over the life of the Notes. This could have adverse consequences for investors.

Before making any investment decision with respect to the Notes, any prospective investors should consult their own financial, tax or other advisers as they consider necessary and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.

The Issuer or one of its affiliates may be the sponsor or calculation agent in respect of (i) an Underlying or (ii) one or more of the components of an Underlying (in each case, if any) to which the Notes are linked. Under the rules of any Underlying (or component of any such Underlying), the role of sponsor or calculation agent provides the Issuer (or one of its affiliates) with discretions to make certain determinations and judgements which may influence the level of such Underlying (or component of such Underlying). Those discretions may be adverse to the interest of the holders of the Notes and may negatively impact the value of the Notes.

RISK FACTORS

The following risk factors shall be read in conjunction with the risk factors as set out on pages 14 to 31 inclusive (*Risk Factors*) of the Programme Prospectus (as supplemented by the supplement to the Programme Prospectus dated 11 May 2010 which, among other things, pursuant to the to wording set out on pages 8 to 9 inclusive of the supplement, updated the risk factor in the section headed "*Risk Factors Relating to the Issuer*" and specifically the paragraph numbered "(iv)" on page 17 as set out in the Programme Prospectus) and pages 7 to 37 inclusive (*Risk Factors*) of the Registration Document, save as provided below in "*Risks relating to the Issuer*".

Such risk factors are factors which the Issuer believes may be material for the purposes of (i) assessing the ability of the Issuer to fulfil its obligations under the Notes and (ii) assessing the market risks associated with the Notes.

The Issuer believes that these risk factors represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons (which the Issuer currently considers not to be material or of which it is not currently aware) and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks relating to the Issuer

Noteholders are exposed to the credit risk of the Issuer. If the Issuer fails or becomes insolvent, Noteholders may lose some or all of their investment.

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

For the purposes of this Prospectus, the risk factor set out on pages 22 and 23 of the Registration Document headed "*Each of the Group's businesses is subject to substantial regulation and oversight. Any significant regulatory developments could have an effect on how the Issuer Group conducts its business and on its results of operations and financial condition*" shall be deleted in its entirety and replaced by the following:

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

The Group is subject to financial services laws, regulations, corporate governance requirements, administrative actions and policies in each location in which it operates. All of these are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions, including recent nationalisations in the United States, the United Kingdom and other European countries. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of the Group's participation in government or regulator-led initiatives), the Group expects to face greater regulation in the United Kingdom, the United States and other countries in which it operates, including throughout the rest of Europe. Compliance with such regulations may increase the Issuer Group's capital requirements and costs and have an adverse impact on how the Issuer Group conducts its business, on the products and services it offers, on the value of its assets and on its results of operations and financial condition or result in a loss of value in the Securities.

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

- the introduction of a banking levy;
- employee remuneration;
- government-imposed requirements with respect to lending to the United Kingdom SME market;
- a separation of retail banking from investment banking and restrictions on proprietary trading and similar activities within a commercial bank and/or a group which contains a commercial bank;
- the monetary, interest rate, capital adequacy, liquidity, balance sheet leverage and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which the Issuer Group operates, increase the costs of doing business in those markets or result in a reduction in the credit ratings of RBSG or one of its subsidiaries;
- changes to financial reporting standards;
- changes in regulatory requirements relating to capital and liquidity, such as limitations on the use of deferred tax assets in calculating Core Tier 1 and/or Tier 1 capital, or prudential rules relating to the capital adequacy framework;
- other general changes in the regulatory requirements, such as the imposition of onerous compliance obligations, restrictions on business growth or pricing, new levies or fees, requirements in relation to the structure and organisation of the Group and requirements to operate in a way that prioritises objectives other than shareholder value creation;
- changes in competition and pricing environments;
- further developments in financial reporting, corporate governance, corporate structure, conduct of business and employee compensation;
- differentiation among financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, including requirements for the entire Group to accept exposure to the risk of any individual member of the Group, or even third party participants in guarantee schemes, failing;
- implementation of, or costs related to, local customer or depositor compensation or reimbursement schemes;
- transferability and convertibility of currency risk;
- expropriation, nationalisation and confiscation of assets;
- changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Issuer Group's products and services."

Risks relating to the Notes

The following risk factors shall be read in conjunction with the risk factors as set out in the Programme Prospectus as supplemented herein The terms of the Notes provide that the Final Redemption Amount will be dependent upon the performance of the Strategy. The performance of the Strategy in turn depends upon the performance of each Basket and, therefore, of each such Basket's constituent Underlyings.

If “Exchange Rate” is specified to apply in the Final Terms, investors are exposed to fluctuations in the relevant exchange rate which may adversely affect the Final Redemption Amount.

In the case of 100 per cent. principal-protected Notes, the Final Redemption Amount (but not any Early Redemption Amount) of each Note is subject to a minimum of its Nominal Amount (which may be less than the issue price). If the Issue Price of the Notes is higher than 100 per cent., investors risk losing part of their investment.

In the case of non-principal protected Notes, neither the Final Redemption Amount nor any Early Redemption Amount of each Note is 100 per cent. principal protected and the Final Redemption Amount may be zero. Investors therefore risk losing all or part of their investment.

In the event of any postponement of the Rebalancing Date due to market disruption, the Issuer may make certain adjustments to the terms and conditions of the Notes.

Investors should be aware that although the value of the Notes on any given day (the **Notes Value**) will take into account the current Strategy Level, the Notes Value may not directly correlate with the current Strategy Level. This is because the Final Redemption Amount of the Notes will be determined by reference to, amongst other things, (i) Principal Protection Percentage and (ii) the Final Strategy Level. If the Notes have a Principal Protection Percentage of greater than zero, the level of the Principal Protection Percentage coupled with prevailing (and expected future movements in) interest rates will affect the Notes Value. In addition, as the Final Strategy Level will either be determined according to the Strategy Level on the Final Rebalancing Date or the arithmetic average of the Strategy Levels over a specified number of Rebalancing Dates up to and including the Final Rebalancing Date (i.e. the Asian Final Strategy Level), the Notes Value on any given day will also reflect (i) in the case of Notes using the Asian Final Strategy Level, the Strategy Levels on past Rebalancing Dates and (ii) in all cases prior the Final Rebalancing Date, factors including the Issuer's expectation of future movements in the Strategy Level, option prices and the volatility of the markets of the Underlyings.

The Notes do not bear any interest.

An investment in the Notes is not the same as an investment in any or all of the Baskets (or their constituent Underlying(s)) or an investment which is directly linked to any or all of the Baskets (or their constituent Underlying(s)). In particular, investors will not benefit from any dividends. Where an Underlying is a commodity, fluctuations in the price of the commodity may affect the value of the Notes. The value of a commodity is subject to the supply of, and/or demand for, such commodity and whether or not any alternatives to that commodity exist. Current market conditions for a commodity do not guarantee the performance, demand or supply of that commodity in the future.

The level of any Underlying(s) may go down as well as up throughout the term of the Notes. Furthermore, the level of the Underlying(s) at any specific date may not reflect their prior or future performance. There can be no assurance as to the future performance of Baskets (or their constituent Underlyings). Accordingly, before investing in the Notes, prospective investors should carefully consider whether an investment based on the performance of the Baskets (and their constituent Underlyings) is suitable for them.

The Notes involve complex risks, including, among other things, share price risks, credit risks, interest rate risks, commodity price risks and/or political risks.

Where the Notes relate to Baskets (and their constituent Underlyings) which involve emerging market countries, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

It is not possible to predict the price at which the Notes will trade in the market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, purchase Notes at any time at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. The market for the Notes may be limited. The only way in which a holder can realise value from a Note prior to the Maturity Date is to sell it at its then market price in the market which may be less than the amount initially invested.

Fluctuations in the price(s) or level(s) of any Underlying(s) and in the Reserve Rate may affect the value of the Notes.

Accordingly, an investment in the Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The level and basis of taxation on the Notes and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor’s individual circumstances. The tax and regulatory characterisation of the Notes may change over the life of the Notes. This could have adverse consequences for investors.

Before making any investment decision with respect to the Notes, any prospective investors should consult their own financial, tax or other advisers as they consider necessary and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.

The Issuer or one of its affiliates may be the sponsor or calculation agent in respect of (i) an Underlying or (ii) one or more of the components of an Underlying (in each case, if any) to which the Notes are linked. Under the rules of any Underlying (or component of any such Underlying), the role of sponsor or calculation agent provides the Issuer (or one of its affiliates) with discretions to make certain determinations and judgements which may influence the level of such Underlying (or component of such Underlying). Those discretions may be adverse to the interest of the holders of the Notes and may negatively impact the value of the Notes.

TERMS AND CONDITIONS OF THE NOTES

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set out in the Programme Prospectus (the "**Conditions**"). References in the Conditions to "Final Terms" are to this Prospectus.

1	Issuer:		The Royal Bank of Scotland plc.
2	(i)	Series Number:	As specified in the relevant Final Terms.
	(ii)	Tranche Number:	As specified in the relevant Final Terms.
3	Specified Currency or Currencies:		As specified in the relevant Final Terms.
4	Aggregate Nominal Amount:		
	(i)	Series:	As specified in the relevant Final Terms. Further issues may also be made pursuant to Condition 25.
	(ii)	Tranche:	As specified in the relevant Final Terms.
5	Issue Price:		As specified in the relevant Final Terms.
6	(i)	Specified Denominations:	As specified in the relevant Final Terms.
	(ii)	Calculation Amount:	As specified in the relevant Final Terms.
7	(i)	Issue Date:	As specified in the relevant Final Terms.
	(ii)	Interest Commencement Date:	Not Applicable.
8	Maturity Date:		As specified in the relevant Final Terms.
9	Interest/Payment Basis:		Not Applicable.
10	Redemption/Payment Basis:		As specified in the relevant Final Terms.
11	Change of Interest or Redemption/Payment Basis:		Not Applicable.
12	Put/Call Options:		Not Applicable.
13	Status of the Notes:		Senior.
14	Method of distribution:		Non-syndicated.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Note Provisions:	Not Applicable.
16	Floating Rate Note Provisions:	Not Applicable.
17	Zero Coupon Note Provisions:	Not Applicable.
18	Index Linked Interest Note Provisions:	Not Applicable.
19	Equity Linked Interest Note Provisions:	Not Applicable.
20	Commodity Linked Interest Note Provisions:	Not Applicable.
21	Currency Linked Interest Note Provisions:	Not Applicable.

22	Government Bond Linked Interest Note Provisions:	Not Applicable.
23	Fund Linked Interest Note Provisions:	Not Applicable.
24	Inflation Index Linked Interest Note Provisions:	Not Applicable.
25	Certificate Linked Interest Note Provisions:	Not Applicable.

PROVISIONS RELATING TO REDEMPTION

26	Call Option:	Not Applicable.
27	Put Option:	Not Applicable.
28	Final Redemption Amount:	See Schedule 1 hereto.
29	Early Redemption Amount:	
	(i) Early Redemption Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) taxation or (d) in the case of Index Linked Notes, following an Index Adjustment Event in accordance with Condition 7(b)(ii)(b) or (e) in the case of Equity Linked Notes, following certain corporate events in accordance with Condition 8(b)(ii)(B) or (f) in the case of Commodity Linked Notes, following a Market Disruption Event in accordance with Condition 11(b)(i) or (g) where Multi-Asset Basket is applicable, the occurrence of any of the events in (d) to (f) above in respect of the relevant Underlying(s) comprising the Multi-Asset Basket (h) following an Additional Disruption Event (if applicable) in accordance with Condition 16(b)(ii):	As set out in Condition 5(d)(iii).
	(ii) Early Redemption Amount includes amount in respect of accrued interest:	Not Applicable

30	Index Linked Redemption Notes:	Whether provisions relating to Index Linked Notes are applicable shall be specified in the relevant Final Terms. *The following provisions shall apply if Index Linked Redemption Notes is specified as applicable in the relevant Final Terms or if Multi-Asset Basket is specified as being applicable in the relevant Final Terms and any Underlying is an Index:*
	(i) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant index sponsors and whether such Index/Indices are a Multi-Exchange Index:	One or more Indices as specified in the relevant Final Terms
	(ii) Calculation Agent responsible for making calculations pursuant to Condition 7:	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA
	(iii) Exchange(s):	As specified in relation to each Index (if applicable) in the relevant Final Terms, failing which, as determined by the Calculation Agent in accordance with Condition 7.
	(iv) Related Exchange(s):	As specified in the relevant Final Terms.
	(v) Final Redemption Amount:	With respect to each Note of Specified Denomination, an amount in the Specified Currency determined as set out in Schedule 1 hereto.
	(vi) Valuation Date:	See Schedule 1 hereto. References in the Conditions to “Valuation Date” and “Valuation Dates” shall be read and construed as including references to “Rebalancing Date” and “Rebalancing Dates” for the purposes of the Notes.
	Reference Price:	See Schedule 1 hereto.
	(vii) Relevant Time/Valuation Time:	The definition in Condition 7(c) applies, subject to Schedule 1 hereto.
	(viii) Strike Price:	Not Applicable.
	(ix) Trade Date:	Not Applicable.
	(x) Correction of Index Levels:	Not Applicable.
	Correction Cut-Off Date:	Not Applicable.
	(xi) Additional Disruption Events:	See paragraph 39.
	(xii) Other terms or special conditions:	None.

31	Equity Linked Redemption Notes:	Whether provisions relating to Equity Linked Redemption Notes are applicable shall be specified the relevant Final Terms. *The following provisions shall apply if Equity Linked Redemption Notes is specified as applicable in the relevant Final Terms or if Multi-Asset Basket is specified as being applicable in the relevant Final Terms and any Underlying is an Underlying Equity:*
	(i) Whether the Notes relate to a basket of Underlying Equities or a single Underlying Equity and the identity of the relevant issuer(s) of the Underlying Equity/Equities:	One or more Underlying Equities as specified in the relevant Final Terms.
	(ii) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery:	Cash Settlement.
	(iii) Calculation Agent responsible for making calculations pursuant to Condition 8:	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA
	(iv) Exchange:	As specified in the relevant Final Terms.
	(v) Related Exchange(s):	As specified in the relevant Final Terms.
	(vi) Potential Adjustment Events:	Applicable.
	(vii) De-listing, Merger Event, Nationalisation and Insolvency:	Applicable.
	(viii) Tender Offer:	Applicable.
	(ix) Equity Substitution:	Applicable.
	(x) Correction of Underlying Equity Prices:	Correction of Underlying Equity Prices does not apply and the Reference Price shall be calculated without regard to any subsequently published correction.
	Correction Cut-Off Date:	Not Applicable.
	(xi) Final Redemption Amount:	See Schedule 1 hereto.
	Valuation Date:	See Schedule 1 hereto. References in the Conditions to “Valuation Date” and “Valuation Dates” shall be read and construed as including references to “Rebalancing Date” and “Rebalancing Dates” Respectively for the purposes of the Notes.
	Reference Price:	See Schedule 1 hereto.

	(xii)	Valuation Time:	Condition 8(e) applies subject to the provisions of Schedule 1 hereto.
	(xiii)	Strike Price:	Not Applicable.
	(xiv)	Exchange Rate:	Not Applicable.
	(xv)	Trade Date:	Not Applicable
	(xvi)	Relevant Assets:	Not Applicable.
	(xvii)	Asset Amount:	Not Applicable.
	(xviii)	Cut-Off Date:	Not Applicable.
	(xix)	Final Date:	Not Applicable.
	(xx)	Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from the Conditions:	Not Applicable.
	(xxi)	Other terms or special conditions:	If "Exchange Traded Fund" is specified to apply in the relevant Final Terms, the provisions set out in Schedule 2 hereto shall apply.
	(xxii)	Failure to Deliver due to Illiquidity:	Not Applicable.
	(xxiii)	Additional Disruption Events:	See paragraph 39.
32		Credit linked Notes:	Not Applicable.
33		Currency Linked Redemption Notes:	Not Applicable.
34		Commodity Linked Redemption Notes:	Whether provisions relating to Commodity Linked Redemption Notes are applicable shall be specified in the relevant Final Terms. *The following provisions shall apply if Commodity Linked Redemption Notes is specified as applicable in the relevant Final Terms or if Multi-Asset Basket is specified as being applicable in the relevant Final Terms and any Underlying is a Commodity:*
	(i)	Whether the Notes relate to a basket of Commodities or a single Commodity and the identity of the relevant Commodit(y)(ies):	One or more Commodities as specified in the relevant Final Terms.
	(ii)	Final Redemption Amount:	See Schedule 1 hereto.
	(iii)	Valuation Date:	See Schedule 1 hereto. References in the Conditions to "Valuation Date" and "Valuation Dates" shall be read and construed as including references to "Rebalancing Date" and "Rebalancing Dates" respectively for the purposes of the Notes.

	(iv)	Strike Date:	Not Applicable.
	(v)	Commodity:	As specified in the relevant Final Terms.
	(vi)	Information Source:	As specified in the relevant Final Terms.
	(vii)	Commodity Reference Price:	As specified in the relevant Final Terms.
	(viii)	Correction of Commodity Reference Price:	Correction of Commodity Reference Price does not apply and the Commodity References Price shall be calculated without regard to any subsequently published correction.
	(ix)	Price Materiality Percentage:	As specified in the relevant Final Terms.
	(x)	Exchange:	As specified in the relevant Final Terms.
	(xi)	Futures Contract:	As specified in the relevant Final Terms.
	(xii)	Delivery Date:	As specified in the relevant Final Terms.
	(xiii)	Price Source:	As specified in the relevant Final Terms.
	(xiv)	Specified Price:	As specified in the relevant Final Terms.
	(xv)	Market Disruption Events:	Each of Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price, Material Change in Formula, Material Change in Content and Tax Disruption is applicable.
	(xvi)	Reference Dealers:	As specified in the relevant Final Terms.
	(xvii)	Calculation Agent responsible for making calculations pursuant to Condition 11:	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA
	(xviii)	Trade Date:	Not Applicable.
	(xix)	Additional Disruption Events:	See paragraph 39.
	(xx)	Other terms or special conditions:	None.
35	Government Bond Linked Redemption Notes:		Not Applicable.
36	Fund Linked Redemption Notes:		Not Applicable.
37	Inflation Index Linked Redemption Notes:		Not Applicable.
38	Certificate Linked Redemption Notes:		Not Applicable.
39	Additional Disruption Events:		Applicable unless otherwise specified in the relevant Final Terms.
	(i)	Change in Law:	Applicable unless otherwise specified in the relevant Final Terms.
	(ii)	Hedging Disruption:	Applicable unless otherwise specified in the relevant Final Terms.
	(iii)	Increased Cost of Hedging:	Applicable unless otherwise specified in the relevant Final Terms.

(iv)	Increased Cost of Stock Borrow:	Applicable unless otherwise specified in the relevant Final Terms.
(v)	Insolvency Filing:	Applicable unless otherwise specified in the relevant Final Terms.
(vi)	Loss of Stock Borrow:	Applicable unless otherwise specified in the relevant Final Terms.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

The following provisions shall apply for Notes cleared through Euroclear Sweden (defined below):

40	Form of Notes:	Registered Notes in dematerialised and uncertificated form in accordance with the Rules (as defined in paragraph 49 below).
41	Additional Business Centre(s):	Stockholm.
42	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable.
43	Details relating to Partly Paid Notes:	Not Applicable.
44	Details relating to Instalment Notes: Instalment Amounts, Instalment Dates:	Not Applicable.
45	Redenomination, renominalisation and reconventioning provisions:	Not Applicable.
46	Consolidation provisions:	Not Applicable.
47	Notices to the Issuer:	Not Applicable.
48	Issuer Business Centre:	Not Applicable.
49	Other provisions:	Registrar (*Sw. central värdepappersförvarare* under the Swedish Financial Instruments Accounts Act): Euroclear Sweden AB (**Euroclear Sweden**) Box 7822 SE-103 97 Stockholm Issuing agent (*Sw. emissionsinstitut* under the Rules) (the **Issuing Agent**): SEB Merchant Banking Notes Services Kungsträdgårdsgatan 8 SE-106 40 Stockholm So long as Euroclear Sweden is the

Registrar in respect of the Notes the following provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as may be acceptable under the Rules, in the sole opinion of Euroclear Sweden:

(i) Title to the Notes will pass by transfer between accountholders at Euroclear Sweden 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 Euroclear Sweden that are in force and effect from time to time (the **Rules**), and paragraphs 2 and 5 of Condition 1 shall not apply.

Noteholder and **holder** means a person in whose name a Note is registered in a Euroclear Sweden Account in the book-entry settlement system of Euroclear Sweden or any other person recognised as a holder of Notes pursuant to the Rules and accordingly, where Notes are held through a registered nominee, the nominee shall be deemed to be the holder.

Register means the register of Euroclear Sweden.

(ii) No physical notes, such as global temporary or permanent notes or definitive notes, will be issued in respect of the Notes. No certificates in respect of Notes will be issued and provisions relating to presentation, surrendering or replacement of Notes in the Conditions shall not apply. Claims against the Issuer will be prescribed and become void unless made against the Issuer within the relevant time period set out in Condition 18.

(iii) Payments in respect of the Notes will be effected in the Specified Currency in accordance with the Rules and paragraphs (a) to (d) of Condition 4 shall not apply. The record date for payment is (a) in the case of Notes settled on the basis of units, the fourth Stockholm Business Day before the due date for payment and (b) in the case of Notes settled on the basis of notional amount, the fifth Stockholm Business Day before the due date for payment (or, in each case, such other date which is generally applied pursuant to the then applicable Rules for the purposes of determining who is entitled to payments under the Notes).

Stockholm Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Stockholm.

(iv) All Notes will be registered in the book-entry system of Euroclear Sweden.

(v) The Issuer shall be entitled to obtain from Euroclear Sweden extracts from the book entry registers of Euroclear Sweden (Sw. Skuldbok) relating to the Notes for the purposes of performing its obligations pursuant to the Conditions.

(vi) So long as any of the Notes are outstanding, the Issuer will maintain an Issuing Agent duly authorised as such under the Rules.

(vii) A Noteholder's notice to exercise the Noteholder's rights regarding "Investor put" pursuant to Condition 5(c), if applicable, in respect of any Notes cleared through Euroclear Sweden, will not take effect against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer by the Issuing Agent. No Note so transferred or blocked and option exercised may be withdrawn without the prior consent of the Issuer.

The following provisions shall apply for Notes cleared through Euroclear Finland (defined below):

40	Form of Notes:	Registered Notes in dematerialised and uncertificated form in accordance with the Rules (as defined in paragraph 49

		below).
41	Additional Business Centre(s):	Helsinki.
42	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable.
43	Details relating to Partly Paid Notes:	Not Applicable.
44	Details relating to Instalment Notes: Instalment Amounts, Instalment Dates:	Not Applicable.
45	Redenomination, renominalisation and reconventioning provisions:	Not Applicable.
46	Consolidation provisions:	Not Applicable.
47	Notices to the Issuer:	Not Applicable.
48	Issuer Business Centre:	Not Applicable.
49	Other provisions:	Registrar: Euroclear Finland Oy (**Euroclear Finland**) Urho Kekkosen katu 5C, 00100 Helsinki So long as Euroclear Finland is the Registrar in respect of the Notes the following provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as may be acceptable under the Finnish legislation, rules and regulations applicable to and/or issued by Euroclear Finland that are in force and effect from time to time (the **Rules**), in the sole opinion of Euroclear Finland: (i) Title to the Notes will pass by transfer from a Noteholder’s book-entry account to another book-entry account within Euroclear Finland (except where the Notes are nominee-registered and are transferred from one account to another account with the same nominee) The transfer is perfected in accordance with the Rules and paragraphs 2 and 5 of Condition 1 shall not apply. **Noteholder** and **holder** means a person in whose name a Note is registered in a book-entry account in the book-entry

system of Euroclear Finland or any other person recognised as a holder of Notes pursuant to the Rules.

Register means the register of Euroclear Finland.

(ii) No physical notes, such as global temporary or permanent notes or definitive notes, will be issued in respect of the Notes. No certificates in respect of Notes will be issued and provisions relating to presentation, surrendering or replacement of Notes in the Conditions shall not apply. Claims against the Issuer will be prescribed and become void unless made against the Issuer within the relevant time period set out in Condition 18.

(iii) Payments in respect of the Notes will be effected in the Specified Currency in accordance with the Rules, and paragraphs (a) to (e) of Condition 4 shall not apply. The record date for payment is the first Helsinki Business Day before the due date for payment. Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date for payment not being a first Helsinki Business Day.

Helsinki Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Helsinki.

(iv) All Notes will be registered in the book-entry system of Euroclear Finland.

(v) The Issuer shall be entitled to obtain from Euroclear Finland extracts from the book entry registers of Euroclear Finland relating to the Notes for the purpose of performing its obligations pursuant to the Conditions.

The following provisions shall apply for Notes cleared through VPS (defined below):

40	Form of Notes:	Registered Notes in dematerialised and uncertificated form in accordance with the Rules (as defined in paragraph 49

		below).
41	Additional Business Centre(s):	Oslo.
42	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable.
43	Details relating to Partly Paid Notes:	Not Applicable.
44	Details relating to Instalment Notes: Instalment Amounts, Instalment Dates:	Not Applicable.
45	Redenomination, renominalisation and reconventioning provisions:	Not Applicable.
46	Consolidation provisions:	Not Applicable.
47	Notices to the Issuer:	Not Applicable.
48	Issuer Business Centre:	Not Applicable.
49	Other provisions:	Securities Depository: Verdipapirsentralen ASA (**VPS**) Biskop Gunnerus' Gate 14 A Postboks 4, 0051 Oslo Registrar: (Norwegian kontofører utsteder under the Norwegian Securities Register Act dated 5 July 2002 no. 64): Skandinaviska Enskilda Banken AB (publ) (**SEB**) acting through its division SEB Merchant Banking, Custody Services P.O. Box 1843 Vika No-0123 Oslo So long as the Notes are registered in VPS the following provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as may be acceptable under the Rules, in the sole opinion of VPS: (i) Title to the Notes will pass by transfer between accountholders at VPS perfected in accordance with the legislation, rules and regulations applicable to and/or issued by VPS that are in force and effect from time to time (the **Rules**), and paragraphs 2 and 5 of Condition 1 shall not apply. No such transfer may take place during

the five Oslo Business Days immediately preceding the Maturity Date or on the Maturity Date.

Oslo Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Oslo.

Noteholder and holder means a person in whose name a Note is registered in a VPS Account in the book-entry system of VPS or any other person recognised as a holder of Notes pursuant to the Rules.

Register means the register of VPS.

(ii) No physical notes, such as global temporary or permanent notes or definitive notes, will be issued in respect of the Notes. No certificates in respect of Notes will be issued and provisions relating to presentation, surrendering or replacement of certificates in the Conditions shall not apply. Claims against the Issuer will be prescribed and become void unless made against the Issuer within the relevant time period set out in Condition 18.

(iii) Payments in respect of the Notes will be effected in the Specified Currency in accordance with the Rules and paragraphs (a) to (d) of Condition 4 shall not apply. Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date for payment not being an Oslo Banking Day. Unless otherwise specified in the relevant Final Terms the record date for payment is the 5th Oslo Business Day before the due date for payment.

(iv) All Notes will be registered in the book-entry system of VPS.

(v) The Noteholders accept and consent to the Issuer being entitled to obtain from VPS extracts from the book entry registers of VPS relating to the Notes for the purpose of performing its obligations

		pursuant to the Conditions. (vi) In the case of a meeting of Noteholders, the Issuer may prescribe such further provisions in relation to the holding of meetings as it may determine to be appropriate in order to take account of the Rules. (vii) Notices: Notices to Noteholders shall be sent to their registered address appearing on the Register or as otherwise determined by applicable procedures of VPS or law.

The following provisions shall apply for Notes cleared through VP Securities (defined below) (**VP Notes**):

40	Form of Notes:	Uncertificated and dematerialised in book entry form in accordance with the Danish Securities Trading etc. Act as amended from time to time (the **Securities Trading Act**), Danish Executive Order no. 369 of 14 May 2009 on the registration etc. of dematerialised securities in a centralised security depository, as amended from time to time and rules and regulations applicable to and/or issued by VP that are in force and effect from time to time (together the **Danish Rules**). No global or definitive Notes will be issued in respect thereof. The holder of a VP Note will be the person evidenced as such by the register for such VP Note maintained by VP Securities. Where a nominee in accordance with the Securities Trading Act is so evidenced it shall be treated as the holder of the relevant Note.
41	Additional Business Centre(s):	Copenhagen.
42	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable.
43	Details relating to Partly Paid Notes:	Not Applicable.
44	Details relating to Instalment Notes: Instalment Amounts, Instalment Dates:	Not Applicable.
45	Redenomination, renominalisation and reconventioning provisions:	Not Applicable.

46	Consolidation provisions:	Not Applicable.
47	Notices to the Issuer:	Not Applicable.
48	Issuer Business Centre:	Not Applicable.
49	Other provisions:	Securities Depository: VP Securities A/S (**VP Securities**) Weidekampsgade 14 P.O. Box 4040 DK-2300 Copenhagen S Account Holding Institute (in Danish: *Kontoførende institut*): Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm, Sweden acting though its division, SEB, Merchant Banking, Custody Services, Copenhagen Branch, Denmark (**Account Holding Institute**). So long as VP Notes are registered in VP Securities the following provisions shall apply and, notwithstanding any provisions in the Conditions, may not be amended, modified or set aside other than in such manner as is acceptable under the Danish Rules in the sole opinion of VP Securities: (i) Pursuant to the issuance of VP Notes, the Issuer will certify that the Account Holding Institute is, on the date of issue of a Series of VP Notes, entered in the VP Securities as the account holding institute (kontoførende institut) for the duly registered owners of VP Notes of such Series. (ii) **Copenhagen Business Day** is a day where the Account Holding Institute and VP Securities are open for business in accordance with the Danish Rules. (iii) Title to VP Notes will pass by transfer between accountholders of VP Securities, perfected in accordance with the legislation and the Danish Rules, and paragraphs 2 and 5 of Condition 1 shall not apply. (iv) The relationship between the Account Holding Institute as the account holding

institute and VP Securities will be governed by the provisions of the Danish Rules and a Participation Agreement entered into between VP Securities and Account Holding Institute. A VP Note may only be controlled by an account holding institute acting in such capacity on behalf of Noteholders for the time being registered with such account holding institute.

(v) Settlement of sale and purchase transactions in respect of the VP Notes in VP Securities will take place in accordance with market practice at the time of the transaction and the Danish Rules. Transfers of interests in the relevant VP Notes will take place in accordance with the Danish Rules.

(vi) The person evidenced (including any nominee) as a holder of the VP Notes shall be treated as the holder of such VP Notes for the purposes of payment of principal or interest on such VP Notes. The expressions "Noteholders" and "holder of Notes" and related expressions shall, in each case, be construed accordingly.

(vii) Payments in respect of the VP Notes will be effected in the Specified Currency in accordance with the Danish Rules and paragraphs (a) to (d) of Condition 4 shall not apply. Payments of principal and/or interest in respect of the VP Notes shall be available to the Noteholders as appearing registered in the register kept by VP Securities as such on the due date for such payment in accordance with the Danish Rules if such day is a Copenhagen Business Day, or if such due date is not a Copenhagen Business Day, on such day as follows from the Danish Rules. Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a Copenhagen Business Day,

(viii) In the case of a meeting of

		Noteholders, the Issuer may prescribe such further provisions in relation to the holding of meetings as it may determine to be appropriate in order to take account of the Danish Rules. (ix) Notices: Notices to Noteholders shall be sent in accordance with the applicable procedures of VP Securities and the Danish Rules.

DISTRIBUTION

50	If syndicated, names of Managers :	Not Applicable.
51	Date of purchase agreement:	Not Applicable.
52	Stabilising Manager(s) (if any):	Not Applicable.
53	If non-syndicated, name of Dealer:	The Royal Bank of Scotland plc.
54	Total commission and concession:	As specified in the relevant Final Terms.
55	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA rules not applicable unless the Notes are in bearer form in which case TEFRA D rules will apply.
56	Additional selling restrictions:	Not Applicable.

SCHEDULE 1

1 Final Redemption Amount

The Final Redemption Amount with respect to each Note of Specified Denomination shall be an amount in the Specified Currency determined as follows:

$$\text{Final Redemption Amount} =$$
$$\text{NA} \times \left(\text{PP} + \text{Max}\left[0, \text{Participation x} \left(\frac{\text{Final Strategy Level}}{\text{Initial Strategy Level}} - 1 \right) \right] \right)$$

Where:

NA means the Nominal Amount of the relevant Note (being its Specified Denomination).

PP means the percentage level of Principal Protection specified in the relevant Final Terms. If PP is equal to or greater than 100 per cent., then the Notes will be principal-protected. If PP is equal to or greater than zero per cent. but less than 100 per cent, then the Notes will be non-principal protected.

Participation means the percentage participation (indicatively specified in the relevant Final Terms), which shall be determined in the light of market conditions on or before the Strike Date and which shall be notified to investors in accordance with Article 8 of the Prospectus Directive. The Participation shall be no less than the Minimum Participation specified in the relevant Final Terms.

Final Strategy Level means the Final Strategy Level calculated in accordance with Section 2 of this Schedule 1 '*Calculation of the Final Strategy Level*'.

Initial Strategy Level means the Initial Strategy Level specified in Section 3 of this Schedule 1 '*Calculation of the Strategy Level*'.

2 Calculation of the Final Strategy Level

The **Final Strategy Level** shall either be (i) the Strategy Level on the Final Rebalancing Date or (ii) the arithmetic average of Strategy Levels determined over a specified number (N_{RBD}) of Rebalancing Dates up to and including the Final Rebalancing Date (the **Asian Final Strategy Level**), as specified in the relevant Final Terms. If the Asian Final Strategy Level applies, it shall be calculated as follows:

$$\text{Final Strategy Level} = \frac{1}{N_{(RBD)}} x \sum_{m=\text{Rebalance Count} - (N_{(RBD)} - 1)}^{\text{Rebalance Count}} \text{Strategy Level}_{(m)}$$

Where:

$N_{(RBD)}$ means the number of Rebalancing Dates that shall be taken into account in calculating the Final Strategy Level.

Rebalance Count means the total number of quarters, months or weeks (as applicable) from the Strike Date to the Maturity Date as stated in the Final Terms.

Strategy Level$_{(m)}$ means the Strategy Level at each Rebalancing Date$_{(m)}$ calculated in accordance with in Section 3 of this Schedule 1.

If a Rebalancing Date is postponed it is possible for the Rebalancing Date in respect of two or more dates to fall on the same calendar day. In such event, the Strategy in respect of such days shall be included as if they were separate values for the purpose of the formula above.

3 Calculation of the Strategy Level

The value of Strategy Level as at each Rebalancing $\text{Date}_{(m)}$ (**Strategy $\text{Level}_{(RD(m))}$**) shall be calculated as follows:

$\text{Strategy Level}_{(RD(m))} = \text{Strategy Level}_{(RD(m-1))} \times (1 + \text{Strategy Return}_{(RD(m))})$

The value of Strategy Level as at the Strike Date (**Strategy $\text{Level}_{(0)}$**) shall be 100 or such other value as is specified in the relevant Final Terms (the **Initial Strategy Level**).

4 Calculation of Strategy Return

The value of Strategy Return as at each Rebalancing $\text{Date}_{(m)}$ (**Strategy $\text{Return}_{(RD(m))}$**) shall be calculated as follows:

$$\text{Strategy Return}_{(RD(m))} = \frac{1}{N_{(B)}} \times \sum_{k=1}^{N_B} IR_{(k,\,RD(m))}$$

Where:

$IR_{(k,\,RD(m))}$ means the Invested Return of $\text{Basket}_{(k)}$ as at Rebalancing $\text{Date}_{(RD(m))}$.

$N_{(B)}$ is the number of Baskets as set out in the relevant Final Terms.

5 Calculation of Invested Return or (IR)

The value of the Invested Return in respect of $\text{Basket}_{(k)}$ as at Rebalancing $\text{Date}_{(m)}$ (**Invested $\text{Return}_{(k,\,RD(m))}$**) shall be determined as follows:

(a) if $BV_{(k,\,DD(m-1))} > MA_{(k,\,DD(m-1))}$, then;

$$\text{Invested Return}_{(k,\,RD(m))} = \min\left[\frac{BV_{(k,\,RD(m))}}{BV_{(k,\,RD(m-1))}} - 1, \text{Cap}\right]$$

Where:

$BV_{(k,RD(m))}$ means the Basket Value of each $\text{Basket}_{(k)}$ as at Rebalancing $\text{Date}_{(m)}$.

$BV_{(k,RD(m-1))}$ means the Basket Value of each $\text{Basket}_{(k)}$ as at Rebalancing $\text{Date}_{(m-1)}$.

$BV_{(k,DD(m-1))}$ means the Basket Value of each $\text{Basket}_{(k)}$ as at Determination $\text{Date}_{(m-1)}$.

Cap means the Monthly Cap on the Invested Return as set out in the relevant Final Terms.

(b) otherwise;

$$\text{Invested Return}_{(k,\,RD(m))} = \min\left[RA_{(RD(m-1))} \times \left(\frac{\text{Act}}{\text{DCC}}\right), \text{Cap}\right]$$

Where:

$RA_{(RD(m-1))}$ means the Reserve Rate as at Rebalancing $Date_{(m-1)}$.

Act means the number of calendar days from and including Rebalancing $Date_{(m-1)}$ to, but excluding, Rebalancing $Date_{(m)}$.

DCC means the Invested Return Day Count Fraction, being 360 (or such other number as is specified in the relevant Final Terms).

6 Calculation of the Moving Average

The Moving Average of each $Basket_{(k)}$ on a Determination $Date_{(m)}$ (**$MA_{(k,m)}$**) shall be calculated according to the following formula:

$$MA_{(k,\,DD(m))} = \frac{1}{L_{(k)}} \sum_{i=1}^{L_{(k)}} BV_{(k,\,DD(m-L+i))}$$

Where:

$L_{(k)}$ means the number of observation points used to determine the Moving Average of each $Basket_{(k)}$, as set out in the relevant Final Terms.

$BV_{(k,\,DD(m-L+i))}$ means the Basket Value of each $Basket_{(k)}$ on the Rebalancing $Date_{(m-L+i)}$.

Negative values of (m) refer to Pre-Strike Rebalancing Dates or Pre-Strike Determination Dates, as the case may be, that occur prior to the Strike Date. For the avoidance of doubt, the Strike Date is the Rebalancing Date where m equals zero.

7 Calculation of the Basket Value

For the purpose of calculating the Basket Value to determine a Moving Average, the Basket Value is calculated on a Determination Date according to the following formula:

$$BV_{(k,\,DD(m))} = BV_{(k,\,RD(m-1))} \times \left(1 + BR_{(k,\,DD(m))}\right)$$

Where:

$BV_{(k,\,RD(m-1))}$ means the Basket Value of $Basket_{(k)}$ on Rebalancing $Date_{(m-1)}$, provided that the Basket Value of $Basket_{(k)}$ on Rebalancing $Date_{(-(Lmax-1))}$ (**$BV_{(k,\,RD(-(Lmax-1)))}$**) is equal to 100 (or such other value as is specified in the relevant Final Terms).

Lmax means the highest numerical value of $L_{(k)}$ compared across all Baskets.

$BR_{(k,\,DD(m))}$ means the Basket Return for $Basket_{(k)}$ on Determination $Date_{(m)}$.

For the purpose of calculating the Basket Value to determine the Invested Return, the Basket Value is calculated on a Rebalancing Date according to the following formula:

$$BV_{(k,\,RD(m))} = BV_{(k,\,RD(m-1))} \times \left(1 + BR_{(k,\,RD(m))}\right)$$

Where:

$BV_{(k,\,RD(m-1))}$ means the Basket Value of $Basket_{(k)}$ on Rebalancing $Date_{(RD(m-1))}$, provided that the Basket Value of $Basket_{(k)}$ on Rebalancing $Date_{(RD\ (-(Lmax-1)))}$ (**$BV_{(k,\,RD(-(Lmax-1)))}$**) is equal to 100 (or such other value as is specified in the relevant Final Terms).

Lmax means the highest numerical value of $L_{(k)}$ compared across all Baskets.

$BR_{(k, RD(m))}$ means the Basket Return for $Basket_{(k)}$ on Rebalancing $Date_{(m)}$.

8 Calculation of the Basket Return

The Basket Return for $Basket_{(k)}$ on Determination $Date_{(m)}$ (**$BR_{(k, DD(m))}$**) shall be calculated according to the following formula:

$$BR_{(k, DD(m))} = \sum_{U=1}^{N(k)} W_U \times UR_{(U, DD(m))}$$

Where:

W_U means the Weight of each Underlying U in $Basket_{(k)}$ as specified in the relevant Final Terms.

$UR_{U, DD(m)}$ means the return from each Underlying comprised in $Basket_{(k)}$ on Determination $Date_{(m)}$.

$N_{(k)}$ means the number of Underlyings in $Basket_{(k)}$.

The Basket Return for $Basket_{(k)}$ on a Rebalancing $Date_{(m)}$ (**$BR_{(k, RD(m))}$**) shall be calculated according to the following formula:

$$BR_{(k, RD(m))} = \sum_{U=1}^{N(k)} W_U \times UR_{(U, RD(m))}$$

Where:

W_U means the Weight of each Underlying U in $Basket_{(k)}$ as specified in the relevant Final Terms.

$UR_{(U, RD(m))}$ means the return from each Underlying comprised in $Basket_{(k)}$ on Rebalancing $Date_{(m)}$.

$N_{(U, k)}$ means the number of Underlyings in $Basket_{(k)}$.

9 Calculation of the Underlying Return

The return from $Underlying_{(U)}$ on Determination $Date_{(m)}$ (**$UR_{(U, DD(m))}$**) shall be calculated according to the following formula:

$$UR_{(U, DD(m))} = \left(\frac{UP_{(U, DD(m))}}{UP_{(U, RD(m-1))}}\right) - 1$$

Where:

$UP_{(U, DD(m))}$ means the Underlying Price of $Underlying_{(U)}$ on Determination $Date_{(m)}$.

$UP_{(U, RD(m-1))}$ means the Underlying Price of $Underlying_{(U)}$ on Rebalancing $Date_{(m-1)}$.

The return from $Underlying_{(U)}$ on any Rebalancing $Date_{(m)}$ (**$UR_{(U, RD(m))}$**) shall be calculated according to the following formula:

$$UR_{(U,\ RD(m))} = \left(\frac{UP_{(U,\ RD(m))}}{UP_{(U,\ RD(m-1))}}\right) - 1$$

Where:

$UP_{(U,\ RD(m))}$ means the Underlying Price of Underlying$_{(U)}$ on Rebalancing Date$_{(m)}$.

$UP_{(U,\ RD(m-1))}$ means the Underlying Price of Underlying$_{(U)}$ on Rebalancing Date$_{(m-1)}$.

10 Definitions

Basket$_{(k)}$ means each basket specified as such in the relevant Final Terms.

Determination Date$_{(m)}$ means the Scheduled Trading Day immediately preceding the Rebalancing Date$_{(m)}$, provided that if in the opinion of the Calculation Agent such day is a Disrupted Day in respect of any Underlying, then, for each Underlying, the Determination Date$_{(m)}$ shall be the immediately preceding Scheduled Trading Day that is not a Disrupted Day for any Underlying.

Disrupted Day means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to be open for trading during its regular trading session or on which a Market Disruption Event has occurred.

Final Rebalancing Date means the date specified as such in the relevant Final Terms, subject to paragraph 11 below.

Market Disruption Event means (i) where the Underlying is an Underlying Equity or Index, as defined in the Conditions, (ii) where the Underlying is a Commodity, a Price Source Disruption, Trading Disruption or a Commodity Underlying Event, and (iii) where the Underlying is an Underlying Equity which is an “Exchange Traded Fund”, as defined in the Conditions plus a Trigger Event, Potential Trigger Event or Insolvency in respect of the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider, or any Merger Event in respect of the Exchange Traded Fund Share or the Exchange Management Company.

N$_{(RBD)}$ means if “Asian Final Strategy Level” applies, the number of Rebalancing Dates that shall be taken into account in calculating the Final Strategy Level as specified in the relevant Final Terms.

Pre-Strike Determination Date$_{(m)}$ mean the Scheduled Trading Day immediately preceding the Pre-Strike Rebalancing Date$_{(m)}$, provided that if in the opinion of the Calculation Agent such day is a Disrupted Day in respect of any Underlying, then, for each Underlying, the Pre-Strike Determination Date$_{(m)}$ shall be the immediately preceding Scheduled Trading Day that is not a Disrupted Day for any Underlying.

Pre-Strike Rebalancing Date$_{(m)}$ means, subject to paragraph 11 below provided that references in such paragraph to ‘Rebalancing Date’ shall be deemed to be to ‘Pre-Strike Rebalancing Date’, each date specified as a Pre-Strike Rebalancing Date in the relevant Final Terms. The definition of “Valuation Date” in Conditions 7(c) (in relation to Index Linked Redemption Notes) and 8(e) (in relation to Equity Linked Redemption Notes) shall not apply.

Rebalancing Date$_{(m)}$ means, subject to paragraph 11 below each date specified as a Rebalancing Date in the relevant Final Terms (and if such calendar day is not a Scheduled Trading Day, the Rebalancing Date shall be the next following Scheduled Trading Day. Negative values of m shall refer to Pre-Strike Rebalancing Dates. The definition of “Valuation Date” in Conditions 7(c) (in relation to Index Linked Redemption Notes) and 8(e) (in relation to Equity Linked Redemption Notes) shall not apply.

Reference Price means: (i) in respect of an Index, an amount equal to the official closing level of the Index as determined by the Calculation Agent on Scheduled Trading $\text{Day}_{(t)}$ and without regard to any subsequently published correction; and (ii) in respect of an Underlying Equity, an amount equal to the official closing price on Scheduled Trading $\text{Day}_{(t)}$ of the Underlying Equity quoted on the relevant Exchange and, if specified in the applicable Final Terms, without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price can be determined at such time and, if Scheduled Trading $\text{Day}_{(t)}$ is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price and the closing fair market selling price for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). In respect of an Underlying Equity, the amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the relevant Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price.

Scheduled Trading Day has, in relation to an Index or an Underlying Equity, the meaning given in Condition 7(c) or 8(e) and, in the case of an Underlying which is a Commodity, a day which is a Scheduled Trading Day in respect of each of the other Underlyings which is not a Commodity.

Strike Date means the date specified as such in the relevant Final Terms.

Trading Day means each day which (i) is a Scheduled Trading Day in respect of each Underlying and (ii) is not a Disrupted Day in respect of any Underlying.

Underlying means each of the Underlying(s) for the Baskets as set out in the relevant Final Terms.

Underlying $\text{Price}_{(U,m)}$ means (i) in respect of an $\text{Underlying}_{(u)}$ which is an Index or an Underlying Equity, the Reference Price of such $\text{Underlying}_{(U)}$ and (ii) in respect of an $\text{Underlying}_{(u)}$ which is a Commodity, the Commodity Reference Price, on Scheduled Trading $\text{Day}_{(t)}$, without regard to any subsequently published correction (or, if the Calculation Agent determines that, as at such time, such rate is not displayed, as determined by the Calculation Agent in its absolute discretion).

11 Disrupted Days

If, in the opinion of the Calculation Agent, any scheduled Rebalancing $\text{Date}_{(m)}$ is a Disrupted Day in respect of any Underlying, then that relevant Rebalancing $\text{Date}_{(m)}$ in respect of all Underlyings shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day for all Underlyings, unless each of the eight Scheduled Trading Days immediately following that scheduled Rebalancing Date is a Disrupted Day for any Underlying. In that case, that eighth Scheduled Trading Day shall be the Rebalancing $\text{Date}_{(m)}$ in respect of all Underlyings (notwithstanding the fact that such day may be a Disrupted Day in respect of one or more Underlyings).

If each of the Scheduled Trading Days following the affected Rebalancing $\text{Date}_{(m)}$ up to but excluding the next following scheduled Rebalancing $\text{Date}_{(m+1)}$ is a Disrupted Day in respect of any Underlying (and Rebalancing $\text{Date}_{(m)}$ has not yet occurred by virtue of the immediately preceding paragraph), then the next following scheduled Rebalancing Date shall be Rebalancing $\text{Date}_{(m)}$ and Rebalancing $\text{Date}_{(m+1)}$ shall be the immediately following scheduled Rebalancing Date and the total number of Rebalancing Dates shall be reduced by 1.

Notwithstanding the above paragraphs, the Underlyings may be traded in different regions of the globe and at different times during a Scheduled Trading Day. On a Rebalancing Date or a

Determination Date, a situation may arise where trading in respect of an Underlying may have ceased due to the end of a Trading Day and/or the Issuer (or the Calculation Agent) has implemented the Strategy with respect to that Underlying in one global region, but a Disrupted Day occurs on the same Scheduled Trading Day with respect to another Underlying traded in a different global region. If a Disrupted Day occurs on a Scheduled Trading Day and the Issuer (or the Calculation Agent) has implemented the Strategy with respect to one or more Underlyings due to global time differences, then the Issuer and the Calculation Agent shall be entitled to calculate the Underlying Price in respect of any Underlying not affected by the occurrence of a Disrupted Day (an **Unaffected Underlying**) by reference to the price or level (as applicable) of such Unaffected Underlying on the originally scheduled Rebalancing Date instead of the postponed Rebalancing Date and make such other adjustment to the terms and conditions of the Notes as the Issuer considers to be necessary or desirable.

The Issuer shall notify the Noteholders of (i) any determination by the Calculation in respect of this paragraph 11 and (ii) any calculation or adjustment made by the Issuer pursuant to this paragraph 11.

12 Multi-Asset Baskets

The purpose of this section is to enable the Issuer to issue Notes which are linked to a basket of two or more different classes of Underlyings.

If Multi-Asset Basket is specified as applicable in the relevant Final Terms, then:

(i) the Conditions shall be interpreted as though the Index Linked Redemption Note provisions apply to any Underlying that is an index, as set out Index Linked Redemption Note provisions in the relevant Final Terms, as though ‘Index Linked Redemption Note’ was specified as being applicable;

(ii) the Conditions shall be interpreted as though the Equity Linked Redemption Note provisions apply to any Underlying that is an equity security, as set out Equity Linked Redemption Note provisions in the relevant Final Terms, as though ‘Equity Linked Redemption Note’ was specified as being applicable; and

(iii) the Conditions shall be interpreted as though the Commodity Linked Redemption Note provisions apply to any Underlying that is a commodity, as set out Commodity Linked Redemption Note provisions in the relevant Final Terms, as though ‘Commodity Linked Redemption Note’ was specified as being applicable.

SCHEDULE 2

Exchange Traded Funds

1. For the avoidance of doubt, references in the Conditions to “Underlying Equities” includes shares or units in exchange traded funds (and related expressions shall be construed accordingly).

2. If “Exchange Traded Fund” is specified to apply in the relevant Final Terms, the following provisions shall apply in addition to, and without prejudice to, the provisions of Condition 8 (*Equity Linked Notes*) (except for the provisions relating to “Equity Substitution”, which shall not apply). In the case of inconsistency between the provisions of this Schedule 2 and the provisions of Condition 8, the provisions of this Schedule 2 shall prevail:

   If the Calculation Agent determines in respect of any day on which the price of any Exchange Traded Fund Shares is to be determined (each an **Exchange Traded Fund Valuation Date**) that a Trigger Event, Potential Trigger Event or Insolvency in respect of the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider, or any Merger Event in respect of the Exchange Traded Fund or the Exchange Traded Management Company has occurred or is occurring, then the Calculation Agent shall determine the price of the relevant Exchange Traded Fund Shares on such Exchange Traded Fund Valuation Date, at such time and in such manner, as it considers commercially reasonable in its sole and absolute discretion, acting in good faith.

   Following the determination by the Calculation Agent of the occurrence of any Trigger Event, Potential Trigger Event or Insolvency in respect of the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider, or any Merger Event in respect of the Exchange Traded Fund or the Exchange Traded Management Company, (and regardless of whether or not such event is then continuing) the Calculation Agent may (but shall not be obliged to) in its discretion take any of following actions (each, a **Permitted Action**):

   (a) (X) make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and relating to the relevant Notes as the Calculation Agent determines appropriate to account for the economic effect on the relevant Notes of such Trigger Event, Potential Trigger Event, Insolvency or Merger Event and (Y) determine the effective date of the relevant adjustments; or

   (b) if specified as applicable in the relevant Final Terms, select a replacement exchange traded fund (the **Replacement Exchange Traded Fund**), which in its reasonable opinion has a similar risk profile as the Exchange Traded Fund as determined by the Calculation Agent to replace such Exchange Traded Fund and the appropriate date (the **Substitution Date**) for the replacement of the Exchange Traded Fund by the Replacement Exchange Traded Fund;

      Following any such selection (i) the Replacement Exchange Traded Fund shall replace the Exchange Traded Fund on the Substitution Date and (ii) the Calculation Agent shall, in good faith, make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions in relation to the relevant Notes to reflect such substitution;

(c) redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the relevant Final Terms together with, if so specified in the relevant Final Terms, accrued interest; or

(d) if "Suspension Asset" is specified as applicable in the relevant Final Terms, make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions as are necessary to reflect a notional liquidation of all of the Exchange Traded Fund Shares (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Exchange Traded Fund Shares at the relevant time) and a notional investment of the liquidation proceeds in either (i) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Note equal to the Issue Price of the Note, (ii) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be deducted from the value of the Note) or (iii) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Calculation Agent in respect of such a deposit (each a **Suspension Asset**) as determined by the Calculation Agent in its discretion.

Notwithstanding that the Calculation Agent may have previously determined not to take a Permitted Action or only took one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Trigger Event, Potential Trigger Event, Insolvency or Merger Event. In such respect, the Issuer may make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions of the relevant Notes as the Calculation Agent determines appropriate to account for the fact that the Permitted Action selected has been altered.

Notwithstanding anything contained in this Schedule 2, the Calculation Agent is under no obligation to determine that a Trigger Event, Potential Trigger Event, Insolvency or Merger Event has occurred or take any or all of the Permitted Actions.

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

For the purposes of Schedule 2:

Effective Date means the date on which any Hedge Position becomes effective.

Exchange Traded Fund means, subject to adjustment or substitution (if applicable) in accordance with this Schedule 2, the issuer in respect of any share specified in the relevant Final Terms where such issuer is identified in the relevant Final Terms to be an "Exchange Traded Fund" (being the relevant "Underlying Issuer" specified in the relevant Final Terms in respect of any such share) and related expressions shall be construed accordingly.

Exchange Traded Fund Business Day means any day that is not a Saturday or a Sunday on which banks are open for general business in the jurisdiction(s) specified in the relevant Final Terms.

Exchange Traded Fund Documents means the constitutive and governing documents of the relevant Exchange Traded Fund, including, but not limited to any prospectus, offering memorandum, listing particulars or other document which contains, among other things, the investment objectives, portfolio guidelines or strategy of the Exchange Traded Fund and the subscription agreements and other agreements relating to Exchange Traded Fund Shares.

Exchange Traded Fund Service Provider means any third party service provider appointed to provide services, directly or indirectly, to the Exchange Traded Fund, whether or not specified in any Exchange Traded Fund Documents, including but not limited to any adviser, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent.

Exchange Traded Fund Shares means the shares issued by an issuer which is identified in the relevant Final Terms to be an “Exchange Traded Fund”.

Hedge Position means any purchase, sale, entry into or maintenance of, one or more (i) positions or contracts in Exchange Traded Fund Shares, securities, options, futures, derivatives or foreign exchange, (ii) securities lending transactions or (iii) other instruments or arrangements (however described) by the Issuer, the Calculation Agent or any Hedge Provider in order to hedge the Issuer's risk of entering into and performing its obligations with respect to Notes.

Hedge Provider means any Affiliate(s) and/or any other party(ies) and/or any special purpose vehicle(s) holding or entering into a Hedge Position in connection with the Issuer's hedging arrangements in respect of Notes.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Relevant Party, (A) all the shares, units or other equity interests of that Relevant Party, respectively, are required to be transferred to a trustee, liquidator or other similar official or (B) holders of all or some of the shares, units or other equity interests of that Relevant Party, respectively, become legally prohibited from transferring them.

Exchange Traded Fund Management Company means, in respect of an Exchange Traded Fund, the investment manager of the Exchange Traded Fund or, in respect of any publication of the net asset value of the Exchange Traded Fund, the service provider responsible for publishing such net asset value.

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

Portfolio Guidelines means the investment guidelines, objectives and restrictions of the Exchange Traded Fund as set out in the relevant Exchange Traded Fund Documents.

Potential Trigger Event means any event or circumstance which would or may (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing), in the determination of the Calculation Agent, constitute or cause a Trigger Event or where the Calculation Agent reasonably believes in good faith that a Trigger Event may have occurred but does not at that time have evidence thereof.

Relevant Party means the Exchange Traded Fund, its Exchange Traded Fund Management Company or any prime broker, custodian or other service provider to the Exchange Traded Fund.

Trigger Event means each of the following events, as determined by the Calculation Agent and/or the Issuer (as the case may be) (in the sole and absolute discretion of the Issuer or the Calculation Agent (as applicable)):

(a) Global Events:

(i) The strategy/investment objective of the Exchange Traded Fund has changed so that it is substantially different from that applicable at the Effective Date or, if applicable, the Substitution Date (as the case may be), or any material change in the underlying nature, strategy or risk of the Exchange Traded Fund's portfolio, over and above that expected with respect to the trading strategies employed.

(ii) The Calculation Agent is not satisfied that the Exchange Traded Fund is being managed in accordance with its rules or in accordance with the description of the Exchange Traded Fund's strategy/investment/portfolio objectives contained in the relevant Exchange Traded Fund Documents, and the Exchange Traded Fund Management Company, any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund has failed to take any action satisfactory to the Calculation Agent within five Business Days from the date on which such change occurred with a view towards correcting such change.

(iii) The currency of denomination of the Exchange Traded Fund is amended so that the net asset value of the Exchange Traded Fund is no longer calculated in the same currency as at the Effective Date or, if applicable, Substitution Date, as the case may be.

(iv) The activities of the Exchange Traded Fund or the Exchange Traded Fund Management Company, or any Exchange Traded Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or investigation by any administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Exchange Traded Fund or the Exchange Traded Fund Management Company, or any Exchange Traded Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.

(v) Written notification by the Exchange Traded Fund Management Company to holders of Exchange Traded Fund Shares, or to the administrator of the Exchange Traded Fund, that it believes it is not advisable to continue operation of the Exchange Traded Fund because it is not economically prudent to do so or the strategy/investment/portfolio objectives of the Exchange Traded Fund cannot be met in the foreseeable future, or for similar reasons or the Exchange Traded Fund ceasing to trade or a petition is made for the winding-up, dissolution or liquidation of the Exchange Traded Fund.

(vi) The Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider becomes party to any litigation or dispute which the Calculation Agent considers material.

(vii) Any security granted by the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider over any of their assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repo or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repo, securities lending or other trading or dealing arrangement relating to the assets of the Exchange Traded Fund becomes enforceable or terminable early by reason of any event of default (howsoever described) relating to the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider.

(viii) The Calculation Agent determines that the operation or organisation of the Exchange Traded Fund or the Exchange Traded Management Company (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Effective Date or, if applicable, the Substitution Date, as the case may be, or that any such procedures, processes or policies are either not being applied or are not being applied consistently with their application on the Effective Date or, if applicable, the Substitution Date, as the case may be.

(ix) Any event or change affecting any of the structure, ownership, management, reputation or solvency of the Exchange Traded Fund and/or any units in the capital of the Exchange Traded Fund and/or the Exchange Traded Fund Management Company and/or any Exchange Traded Fund Service Provider that the Calculation Agent does not pre-approve in writing and which is likely to have a significant impact on the price of the Exchange Traded Fund Shares immediately or thereafter which the Calculation Agent determines is material.

(x) The Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider has experienced or is experiencing a material adverse change, as determined by the Calculation Agent, in its business, assets, operations or financial condition.

(xi) Any material amendments, changes, modifications or variations made to any of the material terms and conditions or contents of any Exchange Traded Fund Documents or investment guidelines of the Exchange Traded Fund (including a material change in the liquidity of the Exchange Traded Fund) that has not been previously agreed with the Issuer and which could be detrimental to the Issuer.

(xii) Any event occurs which, in the opinion of the Calculation Agent, causes or will, with the passage of time, cause the failure of the Exchange Traded Fund Management Company and/or the Exchange Traded Fund and/or any Exchange Traded Fund

Service Provider to meet or maintain any material obligation or undertaking under the Exchange Traded Fund's statutory and operating documents.

(xiii) There is a reduction in the number of Exchange Traded Fund Shares, or there is a reduction in the number of Exchange Traded Fund Shares held for the account of any investor in the Exchange Traded Fund Shares for reasons beyond the control of that investor which the Calculation Agent considers material.

(xiv) The Calculation Agent determines that the Issuer, its Affiliates or any Hedge Provider is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on any such entity by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of its investment in Exchange Traded Fund Shares.

(xv) Any circumstances affecting the availability of Exchange Traded Fund Shares to any actual holder of Exchange Traded Fund Shares as a result of which the Calculation Agent determines that if the Issuer, any of its Affiliates or any Hedge Provider were such holder, it would be unable to hedge its position with respect to the Notes on terms comparable to those applicable on the Effective Date.

(xvi) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Exchange Traded Fund (if the Exchange Traded Fund is part of an umbrella structure with more than one sub-fund).

(xvii) Significant market, trading or exchange disruption and/or crisis in the major financial markets.

(b) Exchange Traded Fund Net Asset Value and Reporting:

(i) The Exchange Traded Fund Management Company (a) fails to calculate the net asset value of the Exchange Traded Fund for three consecutive days on which it was scheduled, in accordance with the rules of the Exchange Traded Fund or the description contained in the relevant Exchange Traded Fund Documents or (b) makes any change to the methodology used for calculating either the net asset value of the Exchange Traded Fund or any estimate of the net asset value of the Exchange Traded Fund or (c) fails to calculate and publish the net asset value of the Exchange Traded Fund with the frequency set out in the relevant Exchange Traded Fund Documents or (d) fails to calculate and deliver any estimate of the Exchange Traded Fund's net asset value to the Issuer or an Affiliate of the Issuer or a Hedge Provider in accordance with such timing as it has previously provided such information.

(ii) The Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider amends the time delay between calculation of the net asset value (or any estimated net asset value) of the Exchange Traded Fund and the publication of such net asset value (or estimated net asset value) so that it is no longer the same as set out in the relevant Exchange Traded Fund Documents, or the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider fails to publish any other information relating to the Exchange Traded Fund to be published in accordance with its rules or the relevant Exchange Traded Fund Documents or fails to publish such information in accordance with the timetable therefor set out in its rules or in the relevant Exchange Traded Fund Documents.

(iii) The audited net asset value of the Exchange Traded Fund is in the determination of the Calculation Agent materially different from the related net asset value previously published by the Exchange Traded Fund, or the auditors of the Exchange Traded Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Exchange Traded Fund or any net asset value published by the Exchange Traded Fund, or the Calculation Agent considers that the net asset value of the Exchange Traded Fund or of any sub-fund held by the Exchange Traded Fund, in respect of any calculation date, does not reflect the net asset value of such fund as it would have been determined by the independent auditors of that fund using generally accepted accounting standards in the appropriate jurisdiction, unless the Calculation Agent receives the net asset value information in satisfactory form within ten Exchange Traded Fund Business Days of the date it was originally due.

(iv) The decline in assets under management of the Exchange Traded Fund since the Effective Date or, if applicable, the Substitution Date, as the case may be, is greater than 50 per cent., as determined by the Calculation Agent.

(v) The Calculation Agent has not received from the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund, any reports, including but not limited to, risk reporting and/or financial reporting and/or audit reporting, required by the Calculation Agent in connection with the relevant Notes within any agreed time scale or has received, in the opinion of the Calculation Agent, erroneous reporting, unless cured within such period as may be agreed from time to time between the Calculation Agent and the Exchange Traded Fund or the Exchange Traded Fund Management Company, or any director of the Exchange Traded Fund or Exchange Traded Fund Service Provider.

(c) Exchange Traded Fund Shares:

Any of the following events relating to the Exchange Traded Fund Shares:

(i) a subdivision, reclassification or distribution of Exchange Traded Fund Shares which has a diluting or concentrative effect on the theoretical value of the Exchange Traded Fund Shares;

(ii) a (A) dividend (including cash and whether ordinary or extraordinary), (B) distribution or (C) issue of Exchange Traded Fund Shares, capital, securities, rights or other assets or interests to existing holders of Exchange Traded Fund Shares which has or, in the opinion of the Calculation Agent, is likely to have an effect on the value of the Exchange Traded Fund Shares;

(iii) a call by the Exchange Traded Fund in respect of Exchange Traded Fund Shares that are not fully paid; or

(iv) any suspension or limitation on the trading of the relevant currencies in which the Exchange Traded Fund Shares are denominated.

(d) Trading:

(i) The Issuer, its Affiliates or any Hedge Provider would be required to pay or would otherwise incur (a) a subscription fee in respect of a purchase of Exchange Traded

Fund Shares or (b) a redemption fee in respect of a sale of Exchange Traded Fund Shares (as the case may be) of the Exchange Traded Fund in relation to their hedging activities in respect of the relevant Notes.

(ii) Any material suspension of or limitation imposed on trading of the Exchange Traded Fund or on trading in the Exchange Traded Fund Shares or any relevant currencies in which the Exchange Traded Fund Shares are denominated (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Exchange Traded Fund Shares is deferred in whole or in part or is made at a value other than the relevant price.

(iii) The failure of trading to commence, or the permanent discontinuation of trading of the Exchange Traded Fund or in the Exchange Traded Fund Shares.

(iv) The Issuer, its Affiliates or any Hedge Provider would be obliged (whether by the Exchange Traded Fund Management Company or otherwise) to redeem all or some of the Exchange Traded Fund Shares that it is holding in relation to its hedging activities in respect of the relevant Notes.

(v) If, in the determination of the Calculation Agent, the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or funding spread to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Exchange Traded Fund Shares of entering into and performing its obligations with respect to the relevant Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

(vi) The Exchange Traded Fund or the Exchange Traded Fund Management Company amends the timing for subscription or redemption of Exchange Traded Fund Shares, including, without limitation, the timetable for payment of redemption proceeds upon redemption.

(vii) The Calculation Agent determines that if the Issuer or any of its Affiliates were to redeem Exchange Traded Fund Shares, such person would not (i) receive full proceeds of such redemption in cash in accordance with the redemption proceeds timing set out in the relevant Exchange Traded Fund Documents or (ii) receive any in-kind distribution in full or part satisfaction of the redemption proceeds paid or payable to it.

(viii) The occurrence of any of the following: (i) a devaluation generally of, or decrease in liquidity in respect of, investments in any market in which the Exchange Traded Fund is invested; (ii) a lack of availability of interbank funding to the Issuer, any of the Issuer's Affiliates or any Hedge Provider at a commercially reasonable rate for the purposes of acquiring or maintaining a position in the Exchange Traded Fund Shares; or (iii) any other market restrictions or events that have an adverse effect on the value of the Exchange Traded Fund Shares, or on the ability of the Issuer, any of the Issuer's Affiliates or any Hedge Provider to hedge its exposure in connection with the relevant Notes, as determined by the Calculation Agent in its discretion.

(ix) Any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between the Issuer and the Exchange Traded Fund, or the Exchange Traded Fund Management Company, any Exchange Traded Fund Service

Provider or the directors of the Exchange Traded Fund, which the Calculation Agent is advised, to its reasonable satisfaction, to be unenforceable.

(e) Exchange Traded Fund Management Company and Exchange Traded Fund Service Provider Failures:

(i) The Exchange Traded Fund Management Company indicates or acknowledges that in its opinion the strategy/investment/portfolio objectives of the Exchange Traded Fund will not be, or are no longer able to be, met or the Exchange Traded Fund Management Company proposes or recommends the liquidation, dissolution or discontinuance of the Exchange Traded Fund.

(ii) Failure by the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider to (a) submit redemption notices, enter into subscription agreements, or take other action, in each case, within five Exchange Traded Fund Business Days from the date on which a breach of the Portfolio Guidelines occurred, with a view towards curing such breach or (b) actually cure any breach of the parameters of the Portfolio Guidelines on the date on which the relevant breach of the Portfolio Guidelines occurred.

(iii) The Calculation Agent is unable, or it is impracticable for the Calculation Agent, to promptly obtain any information in relation to the business, assets, operations or financial condition of the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider which the Calculation Agent deems necessary for any determinations, including, but not be limited to, determinations in respect of the breach of any parameter of the Portfolio Guidelines and the occurrence of any Trigger Event or in the execution of its duties and obligations under the relevant Notes.

(iv) Other than in connection with a market disruption, a failure by the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider to submit redemption notices to the entities in which the Fund invests as and when required to begin the redemption process.

(v) Failure by the Exchange Traded Fund Management Company to take action satisfactory to the Calculation Agent and within a prompt timescale satisfactory to the Calculation Agent so as to have cured within such time period as may be agreed to from time to time between the Calculation Agent and the Exchange Traded Fund or the Exchange Traded Fund Management Company any breach of any representations, covenants and agreements under the investment management agreement relating to the Exchange Traded Fund.

(vi) Resignation by the Exchange Traded Fund Management Company as investment manager of the Exchange Traded Fund or any Exchange Traded Fund Service Provider, or termination or other change of the Exchange Traded Fund Management Company as investment manager or other Exchange Traded Fund Service Provider or any change in the personnel of the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider, which the Calculation Agent considers material.

(vii) The Exchange Traded Fund Management Company increases its management fee or incentive fee charged to the Exchange Traded Fund in an amount that the Calculation Agent determines is material.

(viii) The Exchange Traded Fund Management Company, the Exchange Traded Fund or any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund fails to provide the Calculation Agent with adequate information as may be required to determine the occurrence of a Trigger Event.

(ix) Failure by the Exchange Traded Fund and/or the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund to notify or disclose to the Issuer, on the Effective Date, any information, event or circumstance that was in existence on such date and which the Calculation Agent determines is material.

(x) The Exchange Traded Fund Management Company ceases to exist or trade or a petition is made for the winding-up, dissolution or liquidation of the Exchange Traded Fund Management Company.

(f) Exchange Traded Fund Service Provider Failures:

Any Exchange Traded Fund Service Provider or the Exchange Traded Fund Management Company resigns or their relationship with the Exchange Traded Fund or the Exchange Traded Fund Management Company, as applicable, is otherwise terminated and the Calculation Agent considers that such resignation or termination (as the case may be) is material, or such party is bankrupt, insolvent, wound-up, liquidated, dissolved, ceases to exist or otherwise ceases to continue to perform its duties.

(g) Regulatory Constraints:

(i) There is any change in the regulatory or tax treatment applicable with respect to the Exchange Traded Fund, the Exchange Traded Fund Management Company or Exchange Traded Fund Service Provider which, in the determination of the Calculation Agent, could have an economic impact for the Issuer, its Affiliates or any Hedge Provider as a holder of an interest in the Exchange Traded Fund, as the case may be, or could materially adversely affect the carrying out of the strategy/investment objective of the Exchange Traded Fund or could result in the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider incurring additional costs which, in the determination of the Calculation Agent, would be material.

(ii) The Issuer deems it necessary or appropriate, in order for it or any of its Affiliates or any Hedge Provider to comply with or remain within any applicable legal and/or regulatory limits on the amounts of Exchange Traded Fund Shares that it or they may hold, to redeem all or some of the Exchange Traded Fund Shares.

(iii) The Calculation Agent determines that the Issuer, its Affiliates or any Hedge Provider is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on it by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory or accounting reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of its investment in Exchange Traded Fund Shares.

(h) Hedge Provider:

(i) A material decline in the creditworthiness of a party with whom the Issuer has entered into any relevant hedging transaction (a Relevant Hedging Transaction) in respect of the Issuer's obligations in connection with the Notes.

(ii) 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.

(i) General:

Any other event which, in the discretion of the Calculation Agent, has an analogous effect to any of the events specified in this Schedule 2.

OTHER INFORMATION

1 PERFORMANCE OF UNDERLYINGS, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

Information as to (i) the level of any Underlying or the methodology, calculation and value of any level and (ii) the past and future performance of any Underlying and its volatility is available on the website specified for that Underlying in the relevant Final Terms (provided that such website does not form part of the Prospectus or the terms and conditions of the Notes) and/or under the Bloomberg Code and/or Reuters RIC Codes or other information source (**Information Source**) (as applicable) specified in the relevant Final Terms.

Return at Maturity

On the Maturity Date, investors will receive an amount for each Note equal the Nominal Amount multiplied by a percentage equal to the sum of (i) the principal protection percentage of the Notes specified in the Final Terms (which will be (A) equal to or greater than 100 per cent. in the case of principal-protected Notes and (B) less than 100 per cent. but equal to or greater than zero in the case of non-principal protected Notes and which may, in each case, be less than the Issue Price) (the **Principal Protection Percentage**) and (ii) the Return.

Return means the greater of (i) a percentage equal to the product of (x) the Final Strategy Level divided by the Initial Strategy Level, minus one and (y) the Participation (as explained below) and (ii) zero.

Issue Price means the Issue Price specified in the Final Terms.

Maturity Date means the date specified as such in the Final Terms.

Nominal Amount means an amount equal to the Specified Denomination set out in the Final Terms.

Participation means the participation percentage, subject to the Minimum Participation. The indicative Participation will be set out in the Final Terms. The Participation will be set based on the market conditions on or before the Strike Date, and will be notified to investors in accordance with Article 8 of the Prospectus Directive.

Strike Date means the date specified as such in the Final Terms.

Initial Strategy Level

The Initial Strategy Level will be 100 (or such other level as specified in the Final Terms).

Final Strategy Level

The calculation of the Final Strategy Level is based on a dynamic rules-based strategy which notionally allocates the invested funds between the Basket(s) specified in the Final Terms (each, a **Basket**) and cash. An allocation of invested funds to a Basket will occur on a Rebalancing Date when the Basket's current price is above its moving average of recent prices. Otherwise, the invested funds are allocated to cash when the Basket's current price is below its moving average of recent prices.

The Final Strategy Level will be either (i) the Strategy Level on the Final Rebalancing Date or (ii) an arithmetic average of the Strategy Levels determined over a number of Rebalancing Dates prior to and including the Final Rebalancing Date, all as specified in the Final Terms.

The **Strategy Level** as at a Rebalancing Date is calculated by taking the Strategy Level as at the previous Rebalancing Date and multiplying it by the sum of (i) one and (ii) the Strategy Return as at the current Rebalancing Date.

The **Strategy Return** as at a Rebalancing Date is the arithmetic average of the Invested Return of each Basket as at such Rebalancing Date.

To determine the **Invested Return** of a Basket as at a Rebalancing Date, it is first determined if the price or level of that Basket on the Determination Date related to the previous Rebalancing Date was higher than its Moving Average on such Determination Date.

If the price or level of the Basket on the Determination Date related to the previous Rebalancing Date was higher than its Moving Average, the Invested Return for such Basket will be equal to the lesser of (i) the Basket Value on the current Rebalancing Date divided by the Basket Value on the previous Rebalancing Date, minus 1 and (ii) the Cap.

If the price or level of the Basket on the Determination Date related to the previous Rebalancing Date was lower than its Moving Average, the Invested Return for such Basket will be equal to the lesser of (i) the return on a notional cash deposit at the rate specified in the Final Terms (the **Reserve Rate**) and (ii) the Cap.

The **Moving Average** of a Basket is the average price or level of such Basket over a prior number of observation points (**L**) specified in the relevant Final Terms in respect of such Basket. The number of observation points (**L**) used to calculated the Moving Average may differ from Basket to Basket.

The return on any Underlying in respect of a Rebalancing Date is equal to the level of the relevant Underlying on the Rebalancing Date divided by the level of the relevant Underlying on the previous Rebalancing Date, less one.

The **Basket Value** on any Rebalancing Date is the Basket Value on the previous Rebalancing Date multiplied by the percentage return notionally received in respect of the relevant Basket.

Cap means the Monthly Cap on Invested Return as specified in the Final Terms.

Determination Date$_{(m)}$ means, subject to the detailed provisions in the terms and conditions in relation to market disruptions, in respect of any Rebalancing Date$_{(m)}$, the Scheduled Trading Day immediately preceding such Rebalancing Date$_{(m)}$.

Final Rebalancing Date means the Rebalancing Date specified as such in the Final Terms.

Rebalancing Date$_{(m)}$ means, subject to the detailed provisions in the terms and conditions relating to market disruptions, each calendar day (as specified in the Final Terms and if any such a day is not a Scheduled Trading Day, the next calendar day which is a Scheduled Trading Day) from and including the Strike Date (m=0) to and including the Final Rebalancing Date.

2 TERMS AND CONDITIONS OF THE OFFER

The Issuer or (where the Issuer is not the offeror) such other offeror specified in the relevant Final Terms contemplates offering, in its own name, the Notes to the public in the Offering Jurisdiction. The main terms (as from time to time specified, amended or complemented by the Issuer or such other offeror specified in the relevant Final Terms) are set out below.

The Offeror:	As specified in the relevant Final Terms.
Offer period:	As specified in the relevant Final Terms. The offer period may be discontinued at any time.
Amount of the offer:	The maximum aggregate nominal amount of the offer is specified in the relevant Final Terms. The final aggregate nominal amount will be notified in accordance with Article 8 of the Prospectus Directive.
Offer price:	The Offer Price specified in the relevant Final Terms.
Applications:	Purchases can be made by submitting an application form provided by the relevant Distributor to such Distributor, at the address specified in the relevant Final Terms, or otherwise as instructed by the Distributor. Applicants will be notified directly by the relevant Distributor of the success of their application. Dealings may begin before such notification is made. Applications must be made for such minimum nominal amount specified in the relevant Final Terms.
Payment and delivery:	Payments for the Notes shall be made to the relevant Distributor by wire transfer not later than the date specified in the relevant Final Terms or by internet payment upon the submission of the application form, as instructed by such Distributor. The Issuer estimates that the Notes would be delivered to the purchasers' respective book-entry securities accounts on or around the date specified in the relevant Final Terms.
Commission:	The relevant Distributor may charge a commission, payable by the purchaser, of no greater than the percentage of the purchase price of the Notes purchased specified in the relevant Final Terms. In addition, the Issuer may pay a commission to the Distributor.
Management Fee:	Management Fees may be applicable on the underlying strategy or index if so specified in the relevant Final Terms. If Management Fees are applicable on an underlying strategy or index, the amount or range of those fees will be disclosed in the relevant Final Terms.
Right to cancel:	The Issuer reserves the right to cancel the issue

and/or offer of the Notes for whatever reason including (without limitation):

(a) any circumstance occurs which, in the Issuer's opinion, may have a significant impact on the issue; or

(b) the Participation (indicatively specified in the relevant Final Terms) would be less than the minimum Participation specified in the relevant Final Terms; or

(c) the aggregate nominal amount in respect of which offers are received is (or is determined by the Issuer or the relevant Distributor to be likely to be) less than the amount specified in the relevant Final Terms.

The offers will be subject to the above provisions. In the case of cancellation, the Issuer (or such other offeror specified in the relevant Final Terms) will repay the purchase price and any commission paid by any purchaser without interest.

Liability for the offer: Where the Issuer is not the offeror, any offers by such other offeror specified in the relevant Final Terms, will be made in its own name and not as an agent of the Issuer. Only the offeror of Notes will be liable for the relevant offer in the Offering Jurisdiction. The Issuer accepts no liability for the offer or sale by any other offeror of Notes to purchasers in the Offering Jurisdiction.

Publication of a Supplement: If the Issuer publishes a supplement to this Prospectus pursuant to Article 16 of the Prospectus Directive (other than a supplement which does not relate to the Notes), investors who have already agreed to purchase Notes before the supplement is published shall have the right to withdraw their acceptances by informing the relevant Distributor in writing thereof within 2 working days (or such other longer period as may mandatorily apply in the relevant country) of publication of the supplement.

The Conditions of the Notes and the terms on which they are offered and issued will be subject to the provisions of any such supplement.

3 OPERATIONAL INFORMATION

(i) ISIN Code: As specified in the relevant Final Terms.

(ii)	Common Code:	As specified in the relevant Final Terms.
(iii)	Clearing System(s) and the relevant identification number(s):	As specified in the relevant Final Terms.
(iv)	Additional Paying Agent(s) (if any):	Not Applicable.

CLEARING ARRANGEMENTS

The following paragraph applies to Notes cleared through Euroclear Sweden:

Transfers of Notes may only be effected within Euroclear Sweden AB, the Swedish Central Securities Depository and Clearing Organisation, and will be effected in accordance with the rules and procedures of Euroclear Sweden AB and the Swedish Financial Instruments Accounts Act.

The following paragraphs apply to Notes cleared through Euroclear Finland:

The Finnish book-entry securities system is centralised at Euroclear Finland, the Finnish Central Securities Depositary Euroclear Finland provides clearing and registration services for securities in Finland.

In order to effect entries in the Euroclear Finland book-entry system, a Noteholder or such Noteholder's nominee must establish a book-entry account with Euroclear Finland. A book-entry account may be established via a credit institution or a securities intermediary acting as an account operator for Euroclear Finland. All transactions in book-entry securities are executed as computerised book-entry transfers.

Transfers of Notes may only be effected within Euroclear Finland and will be effected in accordance with the rules and procedures of Euroclear Finland.

The following paragraph applies to Notes cleared through VPS:

Transfers of Securities may only be effected within VPS, and will be effected in accordance with the rules and procedures of VPS and the Norwegian Central Securities Depository Act.

The following paragraph applies to Notes cleared through VP Securities:

Settlement of sale and purchase transactions in respect of VP Notes will take place in accordance with the Danish Rules. VP Securities settles sale and purchase transactions in respect of VP Notes by default on a registration-against-payment basis three Copenhagen Business Days after the date of the relevant transaction. Transfers of interests in a VP Note will take place in accordance with the Danish Rules. Secondary market clearance and settlement through Euroclear is possible through depositary links established between VP Securities and Euroclear. Transfers of VP Notes held in VP Securities through Clearstream, Luxembourg are only possible by using an account holding institute linked to VP Securities.

MARKET MAKING ARRANGEMENTS

Unless otherwise specified in the relevant Final Terms, the Issuer has entered into a market making agreement with the relevant Distributor under which, so long as that agreement remains in force, the Distributor will provide indicative prices for Notes to investors or, upon request, a firm price for Notes, subject in each case to it having received such an indicative or, as the case may be, firm price from the Issuer. In the absence of receiving such a price, the Distributor may provide an indicative or firm price at its discretion.

TAXATION

The following is a summary of the withholding tax position in the Offering Jurisdiction and the United Kingdom in respect of the Notes. It does not relate to any other tax consequences. Each Investor *should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from holding the Notes.*

All payments in respect of the Notes by or on behalf of the Issuer will be subject to any applicable withholding taxes of the Offering Jurisdiction or the United Kingdom. As at the date hereof no such withholding taxes would be applicable, subject to the paragraphs below in respect of Finland.

Payment of the redemption gain (if any) or interest on the Notes through a Finnish paying agent to individuals resident in Finland will be subject to an advance tax withheld by the Finnish Paying Agent at the rate of 28 per cent. To the extent that the provisions on capital gains or losses can be applied to the Notes, no advance tax is likely to be withheld by the Finnish paying agent. A possible advance tax withheld on the Notes will be used for the payment of the individual's final taxes.

Payment of the redemption gain (if any) or interest on the Notes through a Finnish paying agent to corporate entities resident in Finland will not be subject to any Finnish advance or withholding taxes.

GOVERNING LAW OF THE OFFER AND JURISDICTION

The terms and conditions of the offer are governed by the law of the Offering Jurisdiction. Any disputes regarding the offer are submitted to the jurisdiction of the courts of the Offering Jurisdiction, provided that purchasers who are consumers are entitled to submit all disputes regarding the offer to the court having jurisdiction in their domicile. In Finland, complaints relating to the relevant offer may also be submitted to the Securities Complaint Board.

FORM OF FINAL TERMS

Final Terms dated [●]

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SCO90312)

[Principal-Protected] [Non-Principal Protected] Notes
Base Prospectus Active Investment Strategy (Autopilot)
Series SMTN [●]
Issue Price: [●] per cent.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth or incorporated in the Prospectus dated 21 May 2010 as supplemented from time to time (the **Prospectus**) which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. Copies of the Prospectus may be obtained, free of charge, during normal business hours from the registered office of the Issuer and from the specified offices of the Distributor and each of the Paying Agents.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.*]

[*When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*]

Part A – CONTRACTUAL TERMS

1	Principal Protection:		[●] per cent.
2	Offering Jurisdiction(s):		[●].
3	(i)	Series Number:	[●].
	(ii)	Tranche Number:	[●].
4	Specified Currency or Currencies:		[●].
5	Aggregate Nominal Amount:		
	(i)	Series:	[●].
	(ii)	Tranche:	[●].
6	Issue Price		[●] per cent.
7	(i)	Specified Denominations/Nominal Amount:	[●].
	(ii)	Calculation Amount	[●]. (*If only one Specified Denomination, insert the Specified Denomination.*

		If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
8	Issue Date:	[●].
9	Maturity Date:	The later of [●] and the [tenth Stockholm][tenth Helsinki][eighth Oslo][*specify other*] Business Day after the Final Rebalancing Date.
10	Redemption Basis:	Index Linked Redemption: [Applicable][Not Applicable]. Equity Linked Redemption: [Applicable][Not Applicable]. Commodity Linked Redemption: [Applicable][Not Applicable].
	Provisions Relating to Redemption	
11	Index Linked Redemption Notes:	[Applicable] [Not Applicable].
	(i) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant index sponsors and whether such Index/Indices are a Multi-Exchange Index:	[Basket of Indices][Single Index]. [*Give or annex details*] [Details of each Index Sponsor] [Multi-Exchange Index: [Yes/No].] [The X Percentage [applies/does not apply] in relation to such Index.]
	(ii) Exchange(s):	[●].
	(iii) Related Exchange(s):	[●].
	(*Repeat as necessary if more than one Index or insert table*)	
12	Equity Linked Redemption Notes:	[Applicable][Not Applicable].
	(i) Whether the Notes relate to a basket of equities or a single equity security and the identity of the relevant issuer(s) of the Underlying Equity/Equities:	[Basket of Underlying Equities][Single Underlying Equity]. [*Give or annex details of each Underlying Equity and each Equity issuer.*]
	(ii) Exchange(s):	[●].
	(iii) Related Exchange(s):	[●].
	(iv) Exchange Rate:	[Applicable][Not Applicable]. [*Insert details*]
	(*Repeat as necessary if more than one Underlying Equity or insert table*)	
13	Commodity Linked Redemption Notes:	[Applicable][Not Applicable]. (*if not applicable, delete remaining sub-*

		paragraphs unless Multi-asset Basket is applicable and such Multi-asset basket comprises of one or more Commodities)
	(i) Whether the Notes relate to a basket of commodities or a single commodity and the identity of the relevant Commodit(y)(ies):	[Basket of Commodities][Single Commodity]. [*Give or annex details*]
	(ii) Commodity:	[●].
	(iii) Information Source:	[●].
	(iv) Commodity Reference Price:	[●][The Specified Price as published by the Price Source][Commodity Reference Dealers].
	(v) Price Materiality Percentage:	[●].
	(vi) Exchange:	[●].
	(vii) Futures Contract:	[●].
	(viii) Delivery Date:	[[●][●] Nearby Month.]
	(ix) Price Source:	[●].
	(x) Specified Price:	[(A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the fixing; (O) the spot price; or (P) [*Other – please specify*]].
	(xi) Reference Dealers:	[[●][The Calculation Agent]].
	(*Repeat as necessary where there are more Commodities or insert a table*)	
14	Multi-asset Basket(s):	[Applicable][Not Applicable]. (*if not applicable, delete remaining sub-paragraphs*)
	Index:	[Applicable][Not Applicable]. (*Applicable if any Underlying is an Index*) See details in paragraph 11(i) to 11(iii). (*Complete details in paragraph 11(i) – 11(iii) for each Underlying that is an Index but do not specify Index Linked Note Redemption as applicable*)
	Underlying Equity (including Exchange Traded Funds):	[Applicable][Not Applicable]. (*Applicable if any Underlying is an Underlying Equity*)

		See details in paragraph 12(i) to 12(iii).
		(*Complete details in paragraph 12(i) – 12(iii) for each Underlying that is an Equity but do not specify Equity Linked Note Redemption as applicable*)
	Commodity	[Applicable][Not Applicable].
		(*Applicable if any Underlying is a Commodity*)
		See details in paragraph 13(i) to 13(xi).
		(*Complete details in paragraph 13(i) – 13(xi) for each Underlying that is a Commodity but do not specify Commodity Linked Note Redemption as applicable*)

Final Redemption Amount - Variables

15	Participation:	Indicatively, [●] per cent.
16	Minimum Participation:	[●] per cent.
17	Strike Date:	[●].
18	Rebalancing Dates:	[Specify the Rebalancing Dates][The [●] calendar day in each month from and including [●] to and including [●] (the "Final Rebalancing Date")][The [●] calendar day in each month from and including [●] to and including [●] except that the Rebalancing Date in respect of the Strike Date is [●] and the final Rebalancing Date is [●] (the "Final Rebalancing Date")].
19	Pre-Strike Rebalancing Dates:	[Specify the Rebalancing Dates] [to and excluding the Strike Date].
20	Initial Strategy Level: (if not 100)	[●][Not Applicable].
21	Final Strategy Level:	[Strategy Level on the Final Rebalancing Date]/[Asian Final Strategy Level].
22	$N_{(RBD)}$:	[●][Not Applicable] [from and including [●] to and including the Final Rebalancing Date]. (*The number of Rebalancing Dates taken into account when calculating the Final Strategy Level. Only applicable if "Asian Final Strategy Level" applies*).
23	Rebalance Count:	[●].
24	Number of Baskets ($N_{(B)}$):	[●].
25	Details of Baskets:	See table below.

Baskets and Underlyings

$Basket_{(K)}$	The number of observation dates used for each $Basket_{(K)}$ ($L_{(k)}$)	$Underlying_{(u)}$	The Weight of each $Underlying_{(U)}$ ($W_{(U)}$)	Name of Underlying	Type (*Index, Underlying Equity or Commodity*)	Information Source	Exchange	Related Exchange
k = 1	[●]	u = 1	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]
k = 1	[●]	u = 2	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]
k = 1	[●]	u = 3	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]
k = 2	[●]	u = 3	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]
k = 3	[●]	u = 4	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]
k = 4	[●]	u = 5	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]
k = [●]	[●]	u = [●]	[●]	[●]	[●]	[●] [●]	[●]	[●] [All Exchanges]

Basket

k=1

k=2

k=3

k=4

k=[●]

26	Exchange Traded Fund:	[Applicable][Not Applicable]. [(*further particulars specified below*)]
	Exchange Traded Fund Particulars:	(*delete entire section if Exchange Traded Fund is specified to be "Not Applicable")*
	Exchange Traded Business Fund Day Jurisdictions:	[●].
	Replacement Exchange Traded Fund:	[Applicable][Not Applicable].
	Suspension Asset:	[Applicable][Not Applicable].
27	Monthly Cap:	[●] per cent.
28	Reserve Rate:	Reserve Rate means [●] published under Bloomberg Code [●] as at [*specify time*] [*specify relevant financial centre time zone*] [[*specify number of days*] [*specify financial centre*] Banking Days[s] prior to][on] the relevant Rebalancing Date for deposits of [*specify currency*] with a maturity of [●] month[s] commencing on the relevant Rebalancing Date (or, if the Calculation Agent determines that, as at such time, such rate is not displayed, as determined by the Calculation Agent in its absolute discretion).
29	[●] Banking Day:	[●] Banking Day means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in [●].
30	DCC (if not 360):	[365][Other][Not Applicable].

Additional Disruption Events

31	Additional Disruption Events	[Applicable save as provided below][Not Applicable]. (*Delete paragraph if all Additional Disruption Events apply*)
(i)	Change in Law:	[Not Applicable]. (*Delete line if applicable*)
(ii)	Hedging Disruption:	[Not Applicable]. (*Delete line if applicable*)
(iii)	Increased Cost of Hedging:	[Not Applicable]. (*Delete line if applicable*)
(iv)	Increased Cost of Stock Borrow:	[Not Applicable]. (*Delete line if applicable*)
(v)	Insolvency Filing:	[Not Applicable]. (*Delete line if applicable*)
(vi)	Loss of Stock Borrow:	[Not Applicable]. (*Delete line if applicable*)

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

Listing/Admission to Trading:	[London][other (*specify*)][None].

PERFORMANCE OF UNDERLYINGS, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

$Basket_{(1)}$:	
$Underlying_{(1)}$:	Information Source: [●]. (*Specify website and/or Bloomberg code and/or Reuters RIC code*)
(*Repeat for each Underlying comprised in the Basket*)	
$Basket_{(2)}$:	
$Underlying_{(1)}$:	Information Source: [●]. (*Specify website and/or Bloomberg code and/or Reuters RIC code*)
(*Repeat for each Underlying comprised in the Basket*)	
(*Repeat for each Basket*)	

INDICATIVE MARKET VALE OF THE NOTES

Indicative bid/offer prices for the Notes:	[Information Source: Bloomberg code RBEQ].
Frequency of publication of indicative prices of the Notes:	[Daily].

TERMS AND CONDITIONS OF THE OFFER

Distributor:	[●].
Offeror:	[●].
Offer Period:	[●] to [●].
Maximum Nominal Amount of the Offer:	[Up to] [●].
Offer Price:	[●].
Minimum Nominal Amount to which application must be made:	[●].
Date for delivery of Notes to purchasers' respective book-entry securities accounts:	On or around [●].
Date for payment for Notes (if made by wire transfer to the Distributor):	Not later than [●].
Commission charged by Distributor/Total Commissions and Concessions:	[Not greater than [●] per cent. of the Offer Price.][Not applicable].
Right to cancel - Minimum Amount:	[●].

OPERATIONAL INFORMATION:

ISIN Code:	[●].
Common Code:	[Not Applicable][●].
Clearing System(s) and the relevant identification number(s):	[Euroclear Sweden AB, Box 7822, SE-103 97, Stockholm, Sweden] [Finnish Central Securities Depository Ltd (**Euroclear Finland**) Urho Kekkosen katu 5C, 00100 Helsinki, Finland] [Verdipapirsentralen ASA (**VPS**) Biskop Gunnerus' Gate 14A, Postboks 4, 0051 Oslo, Norway] [VP Securities A/S (**VP Securities**) Weidekampsgade 14 P.O. Box 4040 DK-2300 Copenhagen S] [Euroclear UK and Ireland Limited (**CREST**) 33 Cannon Street London EC4M 5SB [Insert identification number/code of the Notes]] [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme]
Market Making Arrangements:	[Yes][No]. [The Issuer will not enter into any contracts with any person to make a market in the Notes. The Distributor will under normal market conditions provide on a daily basis a purchase price and, if possible, a sale price. Such prices will only be valid on the relevant date. The purchase price will be determined at the sole discretion of the Distributor and may not reflect the market value of the Notes. The Distributor has no contractual obligation to the Issuer to provide a purchase price and may discontinue the provision of purchase prices at any time.]* *Include if no market making arrangements specified.
Management Fees:	[●][Not greater than [●]][Not Applicable].

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:……………………..
Duly authorised