

# Frequently Asked Questions for Investor Products and Equity Derivatives ('IPED') Retail Clients

## Details of IPED securities issued, and IPED deposits accepted, by The Royal Bank of Scotland plc which may transfer under a Financial Services and Markets Act 2000 Part VII Scheme

Updated 28 September 2015

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### 1. What is the background to these 'Frequently Asked Questions'?

On 19 February 2014, The Royal Bank of Scotland plc ('**RBS plc**') announced that an agreement had been reached between it and BNP Paribas S.A., acting through its London branch ('**BNP Paribas**') for the disposal of certain assets and liabilities related to its structured retail investor products and equity derivatives ('**IPED**') business, as well as associated market-making activities. RBS plc and BNP Paribas agreed to work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the '**Scheme**') to effect a legal transfer of eligible transactions to BNP Paribas or one of its affiliates.

### 2. What is the Scheme?

The Scheme is a statutory banking business transfer scheme, pursuant to Part VII of the UK Financial Services and Markets Act 2000, proposed to be used to transfer certain assets and liabilities of RBS plc to BNP Paribas or one of its affiliates.

Implementation of the Scheme is subject to, amongst other matters, obtaining regulatory and court approvals. RBS plc and BNP Paribas today have presented a petition (the '**Petition**') to the Court of Session in Scotland (the '**Court**') for an order sanctioning the Scheme. The Court will consider all the circumstances relating to the Petition, including the interests of relevant parties, and will determine whether it is appropriate to sanction the Scheme.

The effect of the Court making such an order is that the relevant assets and liabilities will transfer to BNP Paribas or one of its affiliates on the date that the approved Scheme takes effect (the '**Effective Date**') (or on an agreed subsequent date).

### 3. Are there any developments in relation to the Scheme?

On 28 September 2015, RBS plc published details of those securities issued, and deposits accepted, by RBS plc which are expected to be transferred to BNP Paribas or one of its affiliates (which will therefore become the relevant 'issuer' or 'deposit taker') pursuant to the Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled, and the relevant deposits not having been repaid, prior to the implementation of the Scheme).

Certain agreements related to these securities and deposits are also expected to transfer pursuant to the Scheme.

#### **4. What do I need to do after this announcement on 28 September 2015?**

Clients are not required to take any action at present.

The daily operation and support for your business will continue to operate as it does now. You may continue to deal, and conduct business, with your local RBS plc and BNP Paribas teams as at present.

Should you have any questions or require any further information, please do not hesitate to contact your regular contact person for RBS products or write to Pieter-Reinier Maat, Global Head of IPED Client Management, The Royal Bank of Scotland, 135 Bishopsgate, London, EC2M 3UR, UK.

RBS plc will communicate further information in due course. Any action required in connection with the transfers of the securities and deposits (the '**Proposed Transfers**') will be communicated to clients in a timely way.

#### **5. Will securities issued by RBS plc continue to trade following this announcement?**

Business will continue as usual. BNP Paribas (or one of its affiliates) is already acting as market-maker for relevant securities and is committed to providing a market leading standard for other post-sale services in respect of the relevant securities. BNP Paribas (or one of its affiliates) will continue to provide the same level of high quality service after the date on which the Scheme takes effect (assuming that it proceeds).

#### **6. Will prices for structured deposits accepted by RBS plc continue to be provided following this announcement?**

Business will continue as usual. RBS plc will continue to provide the same level of high quality service prior to the date on which the Scheme takes effect (assuming that it proceeds). BNP Paribas is committed to providing a market leading standard for post-sale services in respect of the relevant structured deposits and will provide the same level of high quality service after the date on which the Scheme takes effect (assuming that it proceeds).

#### **7. How do I find out if my securities or structured deposits are transferring as part of the Scheme?**

Details of the relevant securities and structured deposits which are expected to transfer pursuant to the Scheme (assuming that it proceeds) can be viewed at <http://investors.rbs.com/FSMA-transfer-IPED>.

#### **8. What happens if my securities are not shown in the list?**

RBS plc will remain the issuer.

#### **9. What happens if my structured deposits are not shown in the list?**

RBS plc will remain the deposit taker.

#### **10. Have the Proposed Transfers been communicated to the relevant regulators?**

RBS plc has discussed the Proposed Transfers with the relevant regulators, including the UK Financial Conduct Authority (FCA) and the UK Prudential Regulatory Authority (PRA). BNP Paribas has discussed the Proposed Transfers with the European Central Bank (ECB), the French Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the French Autorité des marchés financiers (AMF). The relevant regulators, where necessary, will continue to be involved as the Proposed Transfers progress through to completion. A regulatory certificate from each of the ECB and the PRA will be required prior to completion.

**11. Will the Proposed Transfers lead to any change in the formulae used in terms and conditions/final terms/pricing supplements to determine an interest or principal payment?**

The Proposed Transfers will not lead to any change in the formulae used in terms and conditions/final terms/pricing supplements to determine an interest or principal payment.

**12. Will the Proposed Transfers affect the price that BNP Paribas or an affiliate or RBS plc is willing to bid for my securities or structured deposit before the Effective Date?**

The Proposed Transfers are not expected to change the price that BNP Paribas (or one of its affiliates) or RBS plc, as the case may be, as part of their normal market making activities, may bid for such securities or structured deposits before the Effective Date.

**13. Will the expected change of issuer or deposit taker affect the price that BNP Paribas or an affiliate is willing to bid for my securities or structured deposit after the Effective Date?**

The expected change of issuer or deposit taker may lead to a change in the price at which securities or structured deposits may trade after the Effective Date due to any difference in the perceived credit quality of RBS plc and BNP Paribas. However, RBS plc and BNP Paribas do not expect the expected change of issuer or deposit taker to have any impact which would be adverse to investors immediately after the transfer.

RBS plc cannot guarantee the price at which such securities or structured deposits may trade, and following the implementation of the Scheme, the price will reflect the fact that BNP Paribas is the deposit taker or guarantor of the securities (as applicable).

As is the case now, the market prices for such securities or structured deposits may be impacted by a number of factors, including, among others, the value of the assets underlying such securities or structured deposits and prevailing market conditions, any of which may affect the value of the securities or structured deposits.