This document is a Supplementary Product Disclosure Statement ("SPDS") and supplements the Exchange Traded International Securities Product Disclosure Statement for Exchange Traded International Securities (the "Product") dated 11 April 2011 ("PDS"), issued by RBS Group (Australia) Pty Limited (ABN 78 000 862 797 AFSL 247 013) ("Issuer"). You should read this SPDS together with the PDS.

Terms used in this SPDS have the same meaning as in the PDS unless the context otherwise requires.

Proposed transfers of a substantial part of the Guaran tor’s activities to RBS plc
The purpose of this SPDS is to inform investors of an announcement made to the ASX on 20 April 2011 ("ASX Announcement") in relation to the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. ("Guarantor") to The Royal Bank of Scotland plc ("RBS plc") ("Proposed Transfers").

It is expected that the Proposed Transfers will be progressively implemented on a phased basis over a period ending on 31 December 2013, with a large part of the Proposed Transfers expected to have taken place by the end of 2012. The implementation and overall timing of the Proposed Transfers will be subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

The obligations of the Guarantor under the guarantee of the Product are currently not expected to be transferred to RBS plc pursuant to the non-Australian statutory transfer schemes which are anticipated to be used to implement the Proposed Transfers.

The full text of the ASX Announcement is available at www.rbs.com.au/warrants or www.asx.com.au (the Issuer’s ASX code is ‘ABM’).

Further financial information in respect of the Guarantor is available at: http://www.investors.rbs.com/our_performance/annualreports.cfm. Please note that the Guarantor is a subsidiary of RBS Holdings N.V., and the latest annual or half year report for the Guarantor may include financial information for both the Guarantor and RBS Holdings N.V. and/or consolidated information for the Group (as defined below).

The schedule to the ASX Announcement provides unaudited pro forma financial information as at and for the year ended 31 December 2010 for RBS Holdings N.V. However, no entity other than the Guarantor is guaranteeing the Product and therefore any financial information regarding RBS Holdings N.V. or other Group
entities is not directly relevant to your decision whether or not to invest in the Product. You should instead focus on the financial information relating to the Guarantor.

Additional Risk Factors
An extensive restructuring and balance sheet reduction programme of the Group is ongoing. On 19 April 2011, the boards of The Royal Bank of Scotland Group plc, RBS plc, RBS Holdings N.V. and the Guarantor (together with their respective subsidiaries, the “Group”) approved the Proposed Transfers of a substantial part of the activities of the Guarantor to RBS plc. Such restructuring and balance sheet reduction programme may adversely affect the Group’s business, results of operations, financial condition, capital ratios and liquidity.

In particular, it is possible that the Proposed Transfers might have a material adverse impact on the business, financial condition, results of operations and prospects of the Guarantor and an adverse impact on the Guarantor’s credit ratings.

In addition to the Proposed Transfers, the Group expects to substantially run down or dispose of non-core businesses, assets and portfolios held by the Group by 2013 subject to, amongst other things, the prevailing economic and market conditions. There is no assurance that the Group will be able to sell or run-down (as applicable) those non-core businesses, assets and portfolios it is seeking to exit on favourable economic terms to the Guarantor or at all. Tax liabilities could arise on the disposal of assets.

The Proposed Transfers are subject, among other things, to regulatory and other approvals, further tax analysis and due diligence in respect of the assets and liabilities to be transferred and employee consultation procedures. Furthermore, where transactions are entered into for the purpose of selling non-core businesses, assets and portfolios, they may be subject to conditions precedent, including government and regulatory approvals and completion mechanics that in certain cases may entail consent from customers. There is no assurance that conditions precedent will be satisfied, or consents and approvals obtained, in a timely matter or at all.

The restructuring and balance sheet reduction program may adversely affect the Guarantor’s business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of the guarantee from the Guarantor and so, affect the market value of the Product.

The Group may also, in the future, consider making further changes to its business, operations, structure, assets and liabilities which may affect the Guarantor and/or Issuer.

Further information
Information relating to the Product may change from time to time. Information that is not materially adverse information may be updated and made available to you on our website at www.rbs.com.au/warrants or by contacting us on 1800 450 005. A paper copy of any updated information is available free on request.

Important information
The information in this SPDS is general information only and does not take into account your objectives, financial situation and needs. You should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. You should carefully read and consider all of the information in the PDS and this SPDS before making a decision about whether to acquire, or otherwise deal in, the Product.
Exchange Traded International Securities

Product Disclosure Statement – Part 1

11 April 2011
Issuer
RBS Group (Australia) Pty Limited ("RBS")
ABN 78 000 862 797
AFSL: 247013

RBS Structured Products Desk
Level 22, RBS Tower, 88 Phillip Street
Sydney NSW 2000
GPO Box 4675
Sydney NSW 2001
Phone: 1800 450 005

Broker
RBS Equities (Australia) Limited
ABN 84 002 768 701
AFSL: 240530

Intermediary
Commonwealth Securities Limited ("CommSec")
ABN 60 067 254 399
AFSL 238814

Guarantor
The Royal Bank of Scotland N.V.
ABN 84 079 478 612
AFSL 238266
Part 1 of 2 – Key commercial terms

Date: 11 April 2011

This Product Disclosure Statement is provided in 2 parts:

Part 1 – Key commercial terms (“Part 1 of 2”); and
Part 2 – General Information (“Part 2 of 2”),
(collectively referred to as “PDS”).

PDS Part 1 – Summary information

This is Part 1 of this Product Disclosure Statement (“PDS”) for Exchange Traded International Securities. An Exchange Traded International Security is a security that gives investors exposure to an individual international Reference Share traded on Relevant Exchanges around the world. Exchange Traded International Securities aim to track the performance of the Reference Share on a one-for-one basis. An Exchange Traded International Security is a structured product which, upon admission to trading status, will be traded on the ASX.

A detailed explanation of Exchange Traded International Securities is contained in PDS Part 2 Section 2.

This document is Part 1 of the PDS for the purposes of Part 7.9 of the Corporations Act and the ASX Operating Rules. Potential investors should read the entire PDS (that is, both Part 1 (“PDS Part 1”) and Part 2 (“PDS Part 2”) of this PDS), including the Terms, before making any investment decision in respect of Exchange Traded International Securities.

The key commercial terms of the Exchange Traded International Securities offered under this PDS including the ASX Code, Reference Share, Maximum Issue Size, Rolling Date(s), Expiry Date and Minimum Subscription are set out in this PDS Part 1.

For each Series of Exchange Traded International Securities, PDS Part 1 contains specific information about the Series of Exchange Traded International Securities offered under the PDS and PDS Part 2 constitutes the general terms and conditions that govern the issue of Exchange Traded International Securities issued by RBS Group (Australia) Pty Limited (“RBS”) from time to time.

PDS Part 1 should be read and construed in conjunction with PDS Part 2 for each Series of Exchange Traded International Securities. To the extent of any inconsistency between PDS Part 1 and PDS Part 2, PDS Part 1 prevails.

Capitalised terms in this PDS are defined in section 9 “Glossary.”
Summary Table of Exchange Traded International Securities

<table>
<thead>
<tr>
<th><strong>Issuer:</strong></th>
<th>RBS Group (Australia) Pty Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Guarantor:</strong></td>
<td>The Royal Bank of Scotland N.V.</td>
</tr>
<tr>
<td><strong>Guarantee:</strong></td>
<td>The guarantee deed poll executed by the Guarantor on or about the date of PDS Part 2.</td>
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<tr>
<td><strong>Offer document:</strong></td>
<td>PDS Part 1 dated 11 April 2011 and PDS Part 2 dated 11 April 2011</td>
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<tr>
<td><strong>Registrar:</strong></td>
<td>Link Market Services Limited.</td>
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1. RBS may procure the provision to Holders of a New Guarantee by a New Guarantor, as explained under the heading “Guarantor” below.
<table>
<thead>
<tr>
<th>Code</th>
<th>Reference Share</th>
<th>Reference Company</th>
<th>Maximum Issue Size</th>
<th>Placement Fee</th>
<th>Rolling Date(s)</th>
<th>Expiry Date</th>
<th>Settlement Exchange Rate</th>
<th>Source</th>
<th>Relevant Exchange</th>
<th>Code</th>
<th>Guarantor</th>
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<tbody>
<tr>
<td>ETSMMM</td>
<td>Common Stock</td>
<td>3M Co</td>
<td>1,000,000</td>
<td>1%</td>
<td>4 May 2016, 4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
<td>NYSE</td>
<td>NYSE</td>
<td>MMM</td>
<td>The Royal Bank of Scotland N.V.</td>
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<td>ETSALA</td>
<td>Common Stock</td>
<td>Alcoa Inc</td>
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<td>4 May 2016, 4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
<td>NYSE</td>
<td>NYSE</td>
<td>AA</td>
<td>The Royal Bank of Scotland N.V.</td>
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<td>AUD</td>
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<td>NYSE</td>
<td>NYSE</td>
<td>AXP</td>
<td>The Royal Bank of Scotland N.V.</td>
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<td>4 May 2016, 4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
<td>NYSE</td>
<td>NYSE</td>
<td>T</td>
<td>The Royal Bank of Scotland N.V.</td>
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<td>NYSE</td>
<td>BRK.B</td>
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<td>Common Stock</td>
<td>Boeing Co</td>
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<td>4 May 2016, 4 May 2021</td>
<td>AUD</td>
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<td>NYSE</td>
<td>NYSE</td>
<td>BA</td>
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<td>4 May 2016, 4 May 2021</td>
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<td>NYSE</td>
<td>CAI</td>
<td>The Royal Bank of Scotland N.V.</td>
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<td>4 May 2016, 4 May 2021</td>
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<td>AUD</td>
<td>$500.00</td>
<td>NYSE</td>
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<td>The Royal Bank of Scotland N.V.</td>
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<td>Reference Company Website</td>
<td>Maximum Issue Size</td>
<td>Placement Fee</td>
<td>Rolling Date(s)</td>
<td>Expiry Date</td>
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<td>Minimum Subscription</td>
<td>Price Source</td>
<td>Relevant Exchange</td>
<td>Relevant Exchange Code</td>
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<td>ETSCOC</td>
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<td>The Coca-Cola Co</td>
<td><a href="http://www.thecoca-cola.com">www.thecoca-cola.com</a></td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>4 May 2016</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>NYSE</td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
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<td>Intel Corp</td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>NASDAQ</td>
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<td>IBM Corp</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
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<td><a href="http://www.jnj.com">www.jnj.com</a></td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
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<td><a href="http://www.nyse.com">www.nyse.com</a></td>
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<tr>
<td>ETS JPM</td>
<td>Common Stock</td>
<td>JPMorgan Chase &amp; Co</td>
<td><a href="http://www.jpmorgan.com">www.jpmorgan.com</a></td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
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<td>Class A, Common Stock</td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
<td>NYSE</td>
<td><a href="http://www.nyse.com">www.nyse.com</a></td>
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<td>Reference Company Website</td>
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<td>Price Source</td>
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<td>Common Stock</td>
<td>McDonald's Corp</td>
<td><a href="http://www.mcdonalds.com">www.mcdonalds.com</a></td>
<td>1,000,000</td>
<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>Common Stock</td>
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<td><a href="http://www.merck.com">www.merck.com</a></td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
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<td>Common Stock</td>
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<td><a href="http://www.microsoft.com/msft/">www.microsoft.com/msft/</a></td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>4 May 2021</td>
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<td>Common Stock</td>
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<td><a href="http://www.pg.com">www.pg.com</a></td>
<td>1,000,000</td>
<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>NYSE</td>
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<td>ETSRV</td>
<td>Common Stock</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>NYSE</td>
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<td>Common Stock</td>
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<td>4 May 2016</td>
<td>4 May 2021</td>
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<td>4 May 2021</td>
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<td>4 May 2021</td>
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<td>The Walt Disney Co</td>
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<td>1%</td>
<td>4 May 2016</td>
<td>4 May 2021</td>
<td>AUD</td>
<td>$500.00</td>
<td>NYSE</td>
<td>NYSE</td>
</tr>
</tbody>
</table>
Further information on the Reference Share in the Summary Table can be found at the Reference Company Website and on the Relevant Exchange website (in relation to the Relevant Exchange Code).

Many of the variables stated in the Summary Table of Exchange Traded International Securities above are subject to adjustment in accordance with the Terms of the Exchange Traded International Securities. Also, if additional Exchange Traded International Securities in a Series are admitted to trading status by the ASX upon the application of RBS, the Maximum Issue Size under the PDS may increase.

Further information about the Reference Shares and Reference Companies discussed above can be found by going to the website of the Relevant Exchange as set out above.
**Guarantor**

The Royal Bank of Scotland N.V., the Guarantor for this series of Exchange Traded International Securities, is a fully operational bank within the RBS Group. The Guarantor is regulated by the central bank of the Netherlands, The Dutch Bank (De Nederlandsche Bank). As at 31 December 2009, the Guarantor had net assets of Euros 18,916 million. This figure is updated from time to time at www.rbs.com.au/exchangetradedsecurities.

The terms and conditions of each Exchange Traded International Security include the following acknowledgments and undertakings given by the first Holder of each Exchange Traded International Security in their application form for the issue of the Exchange Traded International Securities:

- an undertaking, on and from the provision of a New Guarantee to the Holder, not to sue or bring any claim under the Guarantee against the Guarantor (including claims arising before, on or after the date of the New Guarantee) and to only sue or bring claims under the New Guarantee against the New Guarantor; and
- an acknowledgement that RBS holds the benefit of these undertakings on trust for the Guarantor.

If, before any New Guarantee is given, a Holder makes a claim against the Guarantor under the Guarantee, when the New Guarantee is given, your claim will be dealt with by the New Guarantor as if it was a claim against the New Guarantor.

Any New Guarantee must be provided to Holders on the following basis:

- the New Guarantor must be incorporated in, or otherwise have a registered office or address for service in, Australia and must be a related body corporate of the Guarantor or RBS;
- the New Guarantor’s credit rating must be equal to or better than the Guarantor’s credit rating on the date of the New Guarantee;
- the terms of any New Guarantee must be the same as the terms of the Guarantee except that the name and address details of the New Guarantor may differ from those of the Guarantor in the Guarantee; and
- the New Guarantor must be considered by the ASX to be an entity which satisfies paragraph 10.2.1(4)(f) of Schedule 10 to the ASX Operating Rules.

Holders will be notified of the identity of any New Guarantor and any proposed provision of any New Guarantee at least 10 Business Days prior to the date of execution of the New Guarantee and, should they choose to do so, may sell their Exchange Traded International Securities on the ASX before the New Guarantee becomes effective. A copy of any New Guarantee will be available to a Holder free of charge upon request to RBS. Please refer to page 2 for contact details of RBS. Any New Guarantor will not be obliged to execute more than one original counterpart of any New Guarantee.

Further financial information in respect of the Guarantor (and any New Guarantor) is available at: http://www.investors.rbs.com/our_performance/annualreports.cfm. Please note that the Guarantor is a subsidiary of RBS Holdings N.V., and the latest annual or half year report for the Guarantor may include financial information for both the Guarantor and RBS Holdings N.V and/or consolidated information for the RBS Group. However, unless a New Guarantee is provided by a New Guarantor, no entity other than the Guarantor is guaranteeing this series of Exchange Traded International Securities and therefore any financial information regarding RBS Holdings N.V. or other RBS Group entities is not directly relevant to your decision whether or not to invest in Exchange Traded International Securities. You should instead focus on the financial information relating to the Guarantor (or the New Guarantor, as applicable).

**Guarantee**

Under the Guarantee, the Guarantor guarantees unconditionally and irrevocably to each Holder the due and punctual performance by RBS of its obligations under the Terms of the Exchange Traded International Securities. The Guarantor must, on the written demand of any Holder from time to time, satisfy those obligations in the same manner and currency as RBS.

A Holder may not make any demand on the Guarantor under the Guarantee after the date occurring 12 months after the Expiry Date of the Exchange Traded International Securities under the Terms of the Exchange Traded International Securities. The Guarantor has no liability under the Guarantee to a Holder who purports to make a demand after that date. The Guarantor’s obligations are owed to, and are for the benefit of, each Holder severally, and each Holder is entitled to enforce each obligation under the Guarantee against the Guarantor. The Guarantee does not include an indemnity and the Guarantor’s obligations rank equally with other unsecured and unsubordinated obligations of the Guarantor, other than those preferred by law. The Guarantee is governed by, and will be interpreted in accordance with, the laws of New South Wales.

A copy of the Guarantee will be available to a Holder or an applicant free of charge upon request to RBS. Please refer to page 2 for contact details of RBS. The Guarantor is not obliged to execute more than one original counterpart of the Guarantee.

At any time prior to the Expiry Date RBS may procure the provision to Holders of a New Guarantee by a New Guarantor, as explained above. If this happens, it is a term and condition of the Exchange Traded International Securities that Holders undertake not to bring any claims under the Guarantee against the Guarantor and undertake to instead only bring claims under the New Guarantee against the New Guarantor.

**Foreign Withholding Tax**

Where the Reference Shares are foreign securities, the Income Amount in respect of any dividends or distributions will be calculated net of any applicable foreign withholding tax that could apply to equivalent dividends or distributions payable by the Reference Company to a holder of those securities (including holdings by Australian residents). The Australian taxation consequences of receiving the Income Amount is discussed in section 7 of PDS Part 2.

As at the date of this PDS Part 1, under US taxation laws, the rate of withholding tax applicable to dividends or distributions in respect of holdings by Australian residents in the Reference Shares, is between 15 and 30% of the gross dividend or distribution amount.
Important dates

Offer Opens: 11 April 2011
Offer Closes*: 29 April 2011

Expected Commencement of Trading on the ASX: 4 May 2011

Applications may be lodged at any time after 9:00am on the date the offer opens, up until the date the offer closes, as set out above, subject to the right of RBS to close the issue earlier.

No Exchange Traded International Security in a Series will be issued on the basis of the PDS later than the last Business Day before the Expiry Date of the Exchange Traded International Securities offered under this PDS.

Other information

To the knowledge of RBS, no circumstance has arisen and no other information has become available since the date of the Product Disclosure Statement that would materially affect an investor’s assessment of RBS’s capacity to fulfil the obligations specified in the Terms, or the risks, rights and obligations associated with the Exchange Traded International Securities.

Information in this PDS may change from time to time. Information regarding Exchange Traded International Securities that is not materially adverse may be updated by placing such information on the website of RBS at www.rbs.com.au/exchangetradedsecurities. A paper copy of this information is also available free of charge on request from RBS.

Status of this document

This Product Disclosure Statement is issued for the purposes of the Corporations Act. It is not a prospectus or other disclosure document under Chapter 6D of the Corporations Act. The ASX has not authorised or caused the issue of this Product Disclosure Statement, and takes no responsibility for the contents of this Product Disclosure Statement. The ASX makes no representation as to whether this Product Disclosure Statement complies with the Corporations Act or ASX Operating Rules.

Further information

RBS, CommSec and their related entities may conduct transactions as principal and as agent in various securities, including Exchange Traded International Securities and in respect of the Reference Shares. To facilitate a market in Exchange Traded International Securities, RBS may issue Exchange Traded International Securities to CommSec or a nominee, and later procure the sale of these Exchange Traded International Securities into the market. These trading activities may affect (positively or negatively) the price at which the Reference Shares or Exchange Traded International Securities trade in the secondary market.

* RBS reserves the right to close the offer of any or all Series of Exchange Traded International Securities on an earlier date without prior notice. RBS also reserves the right to extend the offer period beyond this date or to open the offer or commence trading of Exchange Traded International Securities on the ASX on dates other than as set out above.
Disclaimer

In preparing this Product Disclosure Statement, RBS has not taken into account the recipient's individual objectives, financial situation and needs. Before the recipient makes an investment decision in respect of Exchange Traded International Securities the recipient should consider the appropriateness of any advice contained in this PDS to their objectives, financial situation and needs. RBS does not accept any liability or responsibility for, and makes no representation or warranty as to the affairs of any Reference Company included in this Product Disclosure Statement. Recipients should obtain independent advice on the nature, activities and prospects of the Reference Companies and the merits of an investment in an Exchange Traded International Security over the Reference Companies. This Product Disclosure Statement is the proprietary information of RBS, and may not be reproduced, distributed or published for any purpose without the prior written consent of RBS.

RBS Group (Australia) Pty Limited is not an authorised deposit-taking institution and the Exchange Traded International Securities offered under this PDS do not form deposits or other liabilities of The Royal Bank of Scotland plc. The Royal Bank of Scotland plc does not guarantee the obligations of RBS Group (Australia) Pty Limited. Exchange Traded International Securities can be subject to investment risk, including possible delays in repayment and loss of income and principal invested.

No Reference Company, Relevant Exchange or Related Exchange has been a party to the preparation of this PDS or furnished any information specifically to RBS for the purpose of its preparation. Similarly, information in this PDS concerning a Reference Company, Relevant Exchange or Related Exchange has not been independently verified.

No person is authorised by RBS to give any information to investors or make any representation not contained in this PDS. This PDS is not an offer or invitation in relation to Exchange Traded International Securities in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The recipient of this PDS outside Australia may be restricted by the laws of the places where it is distributed and therefore persons into whose possession this PDS comes should seek advice on and observe those restrictions.

This PDS Part 1 is dated 11 April 2011 and has been prepared by RBS. This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. RBS will notify ASIC that this PDS is in use in accordance with section 1015D of the Corporations Act. ASIC and the ASX take no responsibility for the contents of this PDS or for the Exchange Traded International Securities.

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To find out more about the Exchange Traded International Security, Log on to www.rbs.com.au/exchangetradedsecurities or call 1800 450 005
RBS Group Australia Pty Limited Product Disclosure Statement

Related to the offer of Exchange Traded International Securities as specified in Part 1 of 2 of this Product Disclosure Statement to be traded on the Australian Securities Exchange:

Issuer

RBS Group (Australia) Pty Limited ("RBS")
ABN 78 000 862 797
AFSL: 247013

RBS Structured Products Desk
Level 22, RBS Tower, 88 Phillip Street
Sydney NSW 2000

GPO Box 4675
Sydney NSW 2001

Phone: 1800 450 005

Broker

RBS Equities (Australia) Limited
ABN 84 002 768 701
AFSL: 240530

Intermediary

Commonwealth Securities Limited
ABN 60 067 254 399
AFSL 238814

Guarantor

The entity set out in PDS Part 1
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Part 2 of 2 – General information

Date: 11 April 2011

This Product Disclosure Statement is provided in 2 parts:

Part 1 – Key commercial terms (“Part 1 of 2”); and
Part 2 – General Information (“Part 2 of 2”),
(collectively referred to as “PDS”).

1. Summary information

This is part 2 of this Product Disclosure Statement (“PDS”) for Exchange Traded International Securities. This PDS Part 2 should be read and construed in conjunction with PDS Part 1 for each Series of Exchange Traded International Securities. Potential investors should read the entire PDS (that is, both Parts 1 and 2 of this PDS), including the Terms, before making any investment decision in respect of Exchange Traded International Securities.

The key commercial terms of the Exchange Traded International Securities offered under this PDS including the ASX Code, Reference Share, Maximum Issue Size, Rolling Date(s), Expiry Date and Minimum Subscription are set out in PDS Part 1 for this Series of Exchange Traded International Securities. For each Series of Exchange Traded International Securities, a separate PDS Part 1 will be issued and must be read in conjunction with this PDS Part 2.

Part 2 of this PDS constitutes the general terms and conditions that govern the issue from time to time by RBS of Exchange Traded International Securities.
Exchange Traded International Securities at a glance

This is only a summary of the main features of the Exchange Traded International Securities. Potential investors should read the entire PDS (that is, Parts 1 and 2 of this PDS), including the Terms (see section 10 of this PDS Part 2), before making any investment decision. If there is any conflict between this section 2 and the Terms, the Terms prevail.

Exchange Traded International Securities aim to track the performance of international Reference Shares on a one-for-one basis. Exchange Traded International Securities give Australian investors access to the performance of international Reference Shares via trading through the Australian Securities Exchange (ASX).

2.1 What is an Exchange Traded International Security?

An Exchange Traded International Security is a structured product which, upon admission to trading status, will be able to be traded on the ASX.

An Exchange Traded International Security is a security that gives you an exposure to individual international Reference Shares traded on Relevant Exchanges around the world.

An Exchange Traded International Security gives an investor the right, upon Exercise of the Exchange Traded International Security, to have one Reference Share delivered to the investor on the relevant Completion Date.

As an integral part of the arrangement, each Holder of an Exchange Traded International Security also receives a Beneficial Interest in the Nominee Securities that will be held for each Holder from time to time by the Nominee.

Exchange Traded International Securities are ordinarily denominated in Australian Dollars but the Reference Shares will generally be denominated in another currency.

2.2 Who is the issuer of the Exchange Traded International Securities?

The issuer of the Exchange Traded International Securities is RBS Group (Australia) Pty Limited (RBS). Please refer to section 8 for further information about RBS.

2.3 What are the Reference Shares?

The Reference Shares that relate to each Series of Exchange Traded International Securities are set out in the Summary Table in Part 1 of the PDS. Further information in respect of Reference Shares is available from the Relevant Exchange. See Part 1 of this PDS for a website address for the Relevant Exchange for each Exchange Traded International Security.

2.4 How can I purchase Exchange Traded International Securities?

You can purchase Exchange Traded International Securities in two ways:

a. through the initial offer under this PDS; or
b. through the secondary market, via trading on ASX after the Listing Date.

2.5 What is the difference between buying an Exchange Traded International Security through the initial offer and buying it on the secondary market offered by ASX?

Buying an Exchange Traded International Security through the initial offer ensures you can buy your Exchange Traded International Security at the Application Price, which is the Australian Dollar equivalent to the Closing Price of the Reference Share and pay only the Placement Fee.

If you buy an Exchange Traded International Security on the secondary market offered by ASX, you will not have to pay the Placement Fee but you will likely have to pay brokerage fees and the Purchase Price will be subject to a bid – offer spread.

2.6 How do I apply for Exchange Traded International Securities through the initial offer?

RBS has arranged for CommSec clients to be able to apply for Exchange Traded International Securities directly through the CommSec online IPO portal, accessible at www.commsec.info/etis. CommSec clients should simply log into their CommSec account and access the “IPOs/New Issues” tab and then click on the “Exchange Traded International Securities” page, and follow the instructions set out within.

RBS intends to issue Exchange Traded International Securities to CommSec and then, if you acquire Exchange Traded International Securities under the initial offer, CommSec will in turn transfer the relevant Exchange Traded International Securities to you.

This PDS does not specify the Application Price because this is determined by reference to variable factors (including the current...

An applicant in the initial offer may only apply for at least the Minimum Subscription of Exchange Traded International Securities.

Any Application received for Exchange Traded International Securities after the Maximum Issue Size has been reached will not be accepted and any subscription monies in respect of such Applications will be refunded. RBS reserves the right to refuse any Application at its discretion.

2.7 How will the Application Price be determined?

RBS will determine the Application Price for each Exchange Traded International Security acquired through the initial offer. In determining the Application Price for an Exchange Traded International Security RBS will observe the Closing Price of the Reference Share for that Exchange Traded International Security on the Relevant Exchange and will also observe the Settlement Exchange Rate. RBS will calculate the Application Price as follows:

Application Price = \( \frac{\text{Closing Price}}{\text{Settlement Exchange Rate}} \times \left[ 1 + \text{Placement Fee} \right] \).

Refer to Section 5 for an explanation of the Placement Fee.

For example, if the Closing Price of Google Inc. on the Nasdaq National Market is US$500, the Settlement Exchange Rate is AUD/USD $0.90c and the Placement Fee is 1% of the Closing Price (inclusive of GST), the Application Price will be calculated as follows:

Application Price = \( \frac{500}{0.90} \times 1.01 \)

= 500 x \( \frac{1}{0.90} \) x 1.01

= AUD 561

2.8 How do I find out the Closing Price of the Reference Share?

The Closing Price is quoted on the Relevant Exchange for each Relevant Share. The website for each Relevant Exchange is included in the Summary Table in Part 1 of the PDS. You can search the Relevant Exchange’s website using the Relevant Exchange code for your Relevant Share in order to view the last Closing Price. The Closing Price is determined at the close of ordinary trading on the Relevant Exchange (excluding pre-market and after hours trading).

2.9 How do I trade Exchange Traded International Securities on the secondary market operated by ASX?

Exchange Traded International Securities will be traded on the AQUA market operated by ASX. Please see section 2.21 for more information on the AQUA market.

Once Exchange Traded International Securities are trading in the secondary market on ASX, the Purchase Price you will need to pay to acquire an Exchange Traded International Security will depend on the market and fluctuate according to a number of factors, including the price of the underlying Reference Share and supply and demand for Exchange Traded International Securities generally.

RBS reserves the right to buy-back Exchange Traded International Securities that have been issued and to re-sell them after the initial issue of the Exchange Traded International Securities.

2.10 Can I sell my Exchange Traded International Securities before the Expiry Date?

You may sell your Exchange Traded International Securities on the ASX market via an ASX participant (such as a stockbroker) at any time up until the close of trading on the Expiry Date, subject to the Exchange Traded International Securities being able to be traded (see section 4.11 of this PDS for more information).

If you elect to sell your Exchange Traded International Securities on the ASX before the Expiry Date, you will not be able to Exercise the Exchange Traded International Securities. You will receive payment from your ASX participant equal to the price at which the Exchange Traded International Securities were sold (less any applicable brokerage or other costs).

2.11 Can an Exchange Traded International Security terminate before the Expiry Date?

An Exchange Traded International Security may terminate before the Expiry Date if an Extraordinary Event occurs or if the Reference Shares are compulsorily acquired following a takeover or similar event. If this occurs, you will not be able to give an Exercise Notice and you will instead receive a Termination Amount within ten Business Days of the termination.

2.12 How do I Exercise the Exchange Traded International Security?

A Holder of an Exchange Traded International Security is entitled, but not obliged, to give an Exercise Notice to RBS during each Exercise Period.

In respect of an Exchange Traded International Security which is expressed in PDS Part 1 to have one or more Rolling Dates, under an Exercise Notice given in respect of such a Rolling Date a Holder must elect to either:

a. receive the underlying Reference Share; or
b. receive a Cash Amount.

If the Holder does nothing during an Exercise Period in respect of such a Rolling Date, or does not give an Exercise Notice, the Exchange Traded International Security will continue until the next Rolling Date or the Expiry Date (as applicable).

Under an Exercise Notice given in respect of the Expiry Date a Holder must elect to:

a. receive the underlying Reference Share;
b. receive a Cash Amount; or
c. Rollover to a new Series of Exchange Traded International Securities (if available).
by Exercising an Exchange Traded International Security during the relevant Exercise Period.

Subject to the Terms, RBS will comply with its obligations in respect of a valid Exercise Notice on or before the relevant Completion Date.

Exchange Traded International Securities can only be Exercised during an Exercise Period (effective as at the relevant Closing Time). To Exercise an Exchange Traded International Security, the Holder must tender to RBS a valid Exercise Notice together with payment equal to any applicable Expenses before the end of the relevant Exercise Period. See section 4.7 for further information on how Expenses are calculated.

An Exercise Notice is only effective if, among other things, it is given by the Holder, or by a person who becomes the Holder by the end of the fifth Business Day after the relevant Rolling Date or Expiry Date (as applicable). If more than one Exercise Notice is given in respect of the same Exchange Traded International Security, RBS will determine which Exercise Notice will be treated as valid. This is a risk associated with investing in the Exchange Traded International Securities (see section 4.13 for more information).

The Holder is liable for any Expenses arising on the Exercise of an Exchange Traded International Security. Where the Holder elects to receive a Cash Amount, any Expenses will be reflected in the calculation of the Cash Amount. Where a Holder elects to receive the underlying Reference Shares, the Holder must pay any applicable Expenses, unless the Holder elects to have RBS sell sufficient Reference Shares on the Holder’s behalf to pay the Expenses.

A Holder can find out the amount of the Expenses on any Business Day by contacting RBS on 1800 450 005. However, you must call to find out the amount of Expenses at least two Business Days prior to the relevant Rolling Date or Expiry Date (as applicable). Please note that Expenses can be up to 5% of the value of an Exchange Traded International Security (inclusive of GST).

A Holder who elects to pay the Expenses may either provide a cheque in favour of RBS Group (Australia) Pty Limited and send this to the address shown on the top of the Exercise Notice, or use Direct Credit or BPAY.

Alternatively, instead of paying the Expenses, you may authorise RBS to sell enough Reference Shares on your behalf to pay the Expenses.

If the funds supplied by the Holder to pay any Expenses are not cleared by the end of the fifth Business Day after the relevant Rolling Date or Expiry Date (as applicable), then RBS is not obliged to deliver the Reference Shares to the Holder. If you lodge an Exercise Notice but fail to pay for the Expenses (if any) you will be deemed to have instructed RBS to sell enough Reference Shares on your behalf to pay the Expenses.

A Holder that elects to receive the Reference Shares must also provide RBS with acceptable account details in order for RBS to be able to transfer the Reference Shares to the Holder or the Holder’s nominee.

A Holder should also note that the Holder’s ability to receive Reference Shares may be subject to restrictions imposed by the Relevant Exchange or in the jurisdiction of the Reference Share. It is the Holders’ responsibility to ensure that it complies with any such restrictions. RBS makes no representation or warranty that it will be able to deliver any Reference Share to any particular Holder (see section 2.20 for further information).

For more information on the Exercise of Exchange Traded International Securities refer to clause 7 of the Terms in section 10 of PDS Part 2 “Terms of Issue – Exercise of Exchange Traded International Securities”.

2.13 No action

In respect of an Exchange Traded International Security which is expressed in PDS Part 1 to have one or more Rolling Dates, if you do not Exercise an Exchange Traded International Security at a Rolling Date, then your Exchange Traded International Security continues to exist.

In respect of the Expiry Date, if you do not sell your Exchange Traded International Security or lodge a valid Exercise Notice by the Closing Time on the Expiry Date, then the default position is that you will receive a Cash Amount.

2.14 Adjustment Event

If an Adjustment Event (as defined in the Glossary in section 9) occurs in respect of an Exchange Traded International Security, then RBS may, with the prior consent of the ASX, make an adjustment to various features of the Exchange Traded International Security provided that, in the reasonable opinion of RBS, the adjustment is fair, equitable and appropriate to put both RBS and the Holder in an economic position that is as similar as reasonably practicable to the economic position the Holder and RBS would have been in, had the Adjustment Event not occurred, as determined by the Calculation Agent.

2.15 Do the Exchange Traded International Securities give rights to income and rights associated with the Reference Share or the Nominee Securities?

An Exchange Traded International Security does not confer on any Holder any interest in the underlying Reference Share and therefore does not confer any direct entitlement to any income (such as, for example, dividends or distributions) or rights (including voting rights) in respect of the Reference Share.

However, if a Reference Company pays an ordinary dividend or distribution in respect of a Reference Share (as determined by RBS, acting reasonably) during the term of an Exchange Traded International Security, RBS will pay an Income Amount to the person registered as the Holder of an Exchange Traded International Security over that Reference Share on the Record Date, within ten Business Days of the payment of the relevant ordinary dividend or distribution. A Dividend Fee and any applicable GST will also be payable to RBS in respect of that ordinary dividend or distribution (see section 5 for more information on the Dividend Fee). RBS will deduct the Dividend Fee and any applicable GST from the Income Amount and the net amount will be paid to the bank account nominated by the Holder to the Registrar. Please note that if you have already nominated a bank account (such as through your broker), then this bank account will be used.
Although Exchange Traded International Securities confer a Beneficial Interest in the Nominee Securities, they do not confer on any Holder any right to any income in respect of the Nominee Securities. For more information see section 6.12.

2.16 What is the Settlement Exchange Rate?
The Settlement Exchange Rate is the rate of exchange between the currency of the Reference Share and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at the relevant time.

2.17 Maximum Issue Size
The Maximum Issue Size for each Series of Exchange Traded International Securities will be set out in Part 1 of this PDS. RBS reserves the right to increase the Maximum Issue Size with the consent of the ASX, without the consent of, or the giving of prior notice to, Holders.

2.18 Guarantee
PDS Part 1 contains a description of the Guarantor and the Guarantee given by the Guarantor in favour of Holders and details of how a New Guarantee may be provided.

2.19 Telephone recording
By applying for or Holding an Exchange Traded International Security, a potential investor agrees to the tape recording by RBS or RBS Equities or any agent of either of them of any telephone conversation concerning Exchange Traded International Securities.

2.20 Reference Shares
Holders wishing to take delivery of Reference Shares should note that:

- investment, dealing or holding restrictions may apply in relation to the Relevant Shares. If a Holder wishes to take delivery of Reference Shares by giving an Exercise Notice the Holder must make its own assessment as to whether any restrictions apply in relation to holding, investing in and dealing in those Relevant Shares;
- the Holder must ensure they provide acceptable account details to RBS in order to receive physical delivery of the Reference Shares; and
- if a Holder’s Exercise Notice does not contain acceptable account details, it will be invalid and will not be processed by RBS.

If the Exercise Notice is invalid and the Holder does not take any further action prior to the Closing Time on the Expiry Date, that Holder will be treated in accordance with section 2.13 “No Action”.

2.21 AQUA market
Application has been made to admit the Exchange Traded International Securities to trading status on the ASX under the AQUA Rules. The AQUA Rules form part of the ASX Operating Rules. The Exchange Traded International Securities will not be quoted on the ASX under the ASX Listing Rules.

The AQUA Rules have been designed to offer greater flexibility than the ASX Listing Rules and are specifically designed for managed funds, exchange traded funds (ETFs) and structured products such as Exchange Traded International Securities.

Since many investors may be more familiar with the ASX Listing Rules than the AQUA Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules.

Trading status
In operational terms, the AQUA market operates in a similar way to the general ASX market for listed equities, with matching of bids and offers during trading hours and an opening and closing auction.

AQUA Rules: fundamental difference
The key distinction between products admitted under the ASX Listing Rules and those admitted under the AQUA Rules is the level of control and influence that the issuer (in the case of Exchange Traded International Securities, RBS) has over the assets underlying the product (in the case of Exchange Traded International Securities, the Reference Shares).

Under the ASX Listing Rules, quoted equity securities typically reflect the value of the business operated by the issuer. By contrast, the value of a product quoted on AQUA typically reflects the performance of the underlying assets (here, the Reference Shares).

Key specific differences between the ASX Listing Rules and the AQUA Rules
Due to the different nature of the securities quoted under the ASX Listing Rules and structured products quoted under the AQUA Rules, the AQUA Rules differ from the ASX Listing Rules. Some of the key differences between the AQUA Rules and the ASX Listing Rules are as follows:

1. Continuous disclosure – The disclosure requirements for AQUA issuers are different to those for issuers under the ASX Listing Rules. There is a requirement under the AQUA Rules that an AQUA product issuer provide the ASX with any information the non-disclosure of which may lead to the establishment of a false market in the relevant products (eg the Exchange Traded International Securities) or would be likely to materially affect the price of the relevant products.

2. Periodic disclosure – In contrast to entities listed under the ASX Listing Rules, AQUA product issuers are not required to disclose half yearly and annual financial information or annual reports to ASX.

3. Spread requirements – The requirements under the ASX Listing Rules that require issuers to satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size) do not apply to AQUA products. Under the AQUA Rules, unless and until a suitable spread of holders is achieved, an AQUA product issuer must ensure a reasonable bid and volume is maintained for the AQUA product on the ASX, generally through the appointment of a market maker, or have in place other arrangements which meet ASX’s requirements for providing liquidity.

4. Corporate control – The ASX Listing Rule requirements in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors’ interests...
and substantial holdings do not apply to AQUA products. The Corporations Act provisions that apply to takeovers and substantial shareholding requirements for listed managed investment schemes do not apply to Exchange Traded International Securities. Similar provisions may however apply to the underlying Reference Shares, in the relevant jurisdiction of the Reference Company and/or Relevant Exchange.

5. Related party transactions – The ASX Listing Rule requirements relating to transactions between an entity and persons in a position to influence the entity do not apply to AQUA Products.

6. Auditor rotation obligations – AQUA product issuers, including RBS, are not subject to the requirements in Division 5 of Part 2M.4 of the Corporations Act in relation to auditor rotation.

There are many benefits associated with investing in the Exchange Traded International Securities, including (but not limited to):

- Low entry cost compared to buying international shares directly and incurring the associated administrative costs;
- You can hold your Exchange Traded International Securities via CHESS alongside other local equity holdings;
- Track the movement of international shares;
- Ability to trade Exchange Traded International Securities during ASX trading hours instead of trading during overseas exchange hours;
- Ability to obtain exposure to international shares without the need to set up and maintain an international securities account;
- Settle payments in Australian Dollars instead of paying international currencies for the Reference Shares.

Accordingly, an investment in the Exchange Traded International Securities may suit you if you:

- have a particular view that a Reference Share will increase in value over a particular time frame;
- are willing to have exposure to foreign exchange rate movements between the currency of the Reference Share and the Settlement Currency; and
- do not wish to set up and maintain an international account to trade international shares.
Exchange Traded International Securities are speculative and involve a degree of risk, including the risk of losing the entire Application Price or Purchase Price (as applicable).

Holders should be aware that the return on the Exchange Traded International Security:

• may be negative and Holders may lose all of the Application Price or Purchase Price (as applicable);
• may be less than the return the Holder could earn on other investments;
• are unlikely to reflect the return Holders would realise if they owned the Reference Shares in the currency of the Reference Share, as a Holder is exposed to movements between the currency of the Reference Share and the Settlement Currency; and
• will not directly reflect the ordinary dividends or distributions paid in respect of the underlying Reference Shares as Holders will not receive these ordinary dividends or distributions but will instead receive an Income Amount.

Investors who do not want exposure to the movement of the Reference Shares and do not want to be exposed to movements in the foreign exchange rate between the currency of the Reference Share and the Settlement Currency should carefully consider whether Exchange Traded International Securities are suitable for them and their needs before investing in Exchange Traded International Securities.

Holders should be aware that there is no indication as to how the Exchange Traded International Securities will trade in the secondary market, nor is there sufficient evidence as to whether the market will be liquid or illiquid. Holders are warned that the price of Exchange Traded International Securities may fall in value as rapidly as they may rise. Accordingly, you may lose some, or all, of the Application Price or Purchase Price (as applicable) paid for the Exchange Traded International Securities.

4.1 Introduction

This outline of risks focus on significant risks and does not purport to disclose all of the possible risks or other relevant considerations relating to an investment in Exchange Traded International Securities. The Exchange Traded International Securities are considered by RBS to be suitable only for investors who understand the risks involved and are prepared to sustain a complete loss of the Application Price or Purchase Price (as applicable). RBS recommends that potential investors obtain independent financial advice before subscribing for Exchange Traded International Securities from an accredited derivatives advisor.

Information about the significant risks of trading in Exchange Traded International Securities is set out below:

4.2 General market risks

The price of Exchange Traded International Securities could be affected by general movements in local and international stock markets, prevailing and anticipated economic conditions, sentiment, interest rates and exchange rates. As the Reference Shares are quoted on an overseas Relevant Exchange, the price or value of the Reference Shares will also be affected by market and operational risks in relation to the Relevant Exchange and market risks in relation to the overseas jurisdiction of the Relevant Exchange.

Investors are warned that the price of Exchange Traded International Securities may fall rapidly and Holders may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand the nature of Exchange Traded International Securities and carefully study the risk factors set out in this PDS before they invest in Exchange Traded International Securities.

Purchasers of Exchange Traded International Securities in the secondary market on the ASX are also subject to settlement risk, such that if a seller of Exchange Traded International Securities does not meet their settlement obligations there may not be sufficient Exchange Traded International Securities available to settle your purchase transaction.

4.3 Reference Shares denominated in foreign currency – Exchange rate risk

Reference Shares will be denominated in a currency other than Australian Dollars and therefore may be adversely affected by changes in foreign exchange rates. The foreign exchange market is a 24-hour wholesale trading market with participants from all over the world. Investors will need to consider that they will have foreign exchange risk, i.e. movements in the foreign exchange rate may adversely impact the value of their Exchange Traded International Securities.

4.4 Adjustment Events

If an Adjustment Event occurs, Exchange Traded International Securities may be adjusted in various ways. RBS will attempt to only make adjustments which are equitable and appropriate. However, this may not be possible in all circumstances and may lead to RBS declaring that an Adjustment Event constitutes an Extraordinary Event (see section 4.5 below).
4.5 Termination of Exchange Traded International Securities before the Expiry Date (Extraordinary Event)

The Exchange Traded International Securities will terminate before the Expiry Date on the occurrence of an event which is nominated by RBS as an Extraordinary Event (with the consent of the ASX). If an Exchange Traded International Security is terminated before the Expiry Date, you will not be able to give an Exercise Notice. You will instead receive a Termination Amount (which may be zero) within ten Business Days of the termination.

4.6 Counterparty risk

As the Exchange Traded International Securities do not confer any interest in the underlying Reference Share, the value of an Exchange Traded International Security depends on RBS’s ability to perform its obligations under the Terms (or the availability of the Guarantor or any New Guarantor to perform its obligations under the Guarantee or any New Guarantee).

These obligations are unsecured contractual obligations of RBS and in the event of an insolvency of RBS Holders will rank equally with RBS’s other unsecured creditors. RBS’s obligations in respect of the Exchange Traded International Securities are not guaranteed by any party other than the Guarantor or any New Guarantor. As such, if RBS and the Guarantor or New Guarantor fail, they may not be able to meet their obligations to you under this PDS and the Terms.

Investors must make their own assessment of RBS’s ability, and the Guarantor’s or New Guarantor’s ability, to meet their obligations in respect of the Exchange Traded International Securities.

Please see PDS Part 1 for a description of the Guarantor and information about how a New Guarantor may be selected.

Financial information for the RBS Group is available at: http://www.investors.rbs.com/our_performance/resultsandpresentations.cfm. However, no entity other than the Guarantor or any New Guarantor is guaranteeing this series of Exchange Traded International Securities and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in Exchange Traded International Securities. You should instead focus on the financial information relating to the Guarantor and any New Guarantor.

A Holder takes the credit risk and counterparty risk that RBS will not be able to or will not continue to perform its obligations owed to Holders under this PDS. For example, ‘RBS’ obligations include but are not limited to the market making obligations in respect of the Exchange Traded International Securities. If RBS is not able to perform any of its obligations in a timely fashion and in accordance with the provisions of this PDS, it may affect the value of the Exchange Traded International Securities.

4.7 Expenses

Expenses may be payable on Exercise if you wish to receive Reference Shares and will be reflected in the calculation of the Cash Amount if you elect to receive a Cash Amount. Expenses will also be taken into account in calculating any Termination Amount.

Expenses include any incidental costs, including unwinding of hedging arrangements, Transfer Taxes and/or expenses and brokerage (if applicable) incurred by RBS in relation to the Exercise or early termination of an Exchange Traded International Security. The amount of any incidental costs related to the unwinding of hedging arrangements will depend on the circumstances. For example, if an Exchange Traded International Security is terminated early in its term and well before any Rolling Date or the Expiry Date, hedging unwind costs may be significant and will be affected by factors including the price and volatility of the Reference Share, Australian and offshore interest rates, and the time to the Expiry Date. The actual impact of these factors and their impact on hedging unwind costs will vary and cannot be quantified as at the date of this PDS.

If, however, an Exchange Traded International Security is Exercised at a Rolling Date (if applicable) or the Expiry Date, hedging unwind costs should generally be minimal, as RBS’s hedging arrangements will generally contemplate being unwound at a Rolling Date (if applicable) or the Expiry Date to facilitate Exercise.

Expenses may be significant and can be up to 5% of the value of the Exchange Traded International Security (inclusive of GST), which may reduce any return in respect of your Exchange Traded International Securities.

4.8 Requirement to take action

If you do not Exercise your Exchange Traded International Securities during the final Exercise Period, you will be subject to the default option which is that you will receive a Cash Amount. If you do not wish for the default option to apply to you, you should ensure that you give a valid Exercise Notice to RBS during the final Exercise Period.

4.9 Exchange Traded International Securities differ from Reference Shares

While Exchange Traded International Securities aim to reflect the performance of the underlying Reference Shares, an investment in an Exchange Traded International Security is different to a direct investment in a Reference Share. For example:

a. Exchange Traded International Securities do not confer a right to the full dividend or distribution paid in respect of the underlying Reference Shares – Holders will only receive an Income Amount in respect of such dividends or distributions;

b. a Holder of an Exchange Traded International Security does not receive any voting rights in respect of the underlying Reference Share;

c. a Holder of an Exchange Traded International Security will not be able to participate in any corporate actions in respect of the underlying Reference Share; and

d. an Exchange Traded International Security is priced in Australian Dollars, which means that the Holder is exposed to foreign exchange risk (see section 4.3).

4.10 Historic performance of Reference Shares and exchange rates

The past performance of the Reference Shares underlying an Exchange Traded International Security is not necessarily indicative of, or a guide to, the future performance of the Reference Shares or any associated Exchange Traded International Securities, which can be volatile.

The past performance of an exchange rate (for example, the exchange rate between Australian dollars and the currency of a
Reference Share) is not necessarily indicative of, or a guide to, the future performance of that exchange rate.

4.11 Illiquidity of secondary market
A liquid market is generally one in which there is sufficient trading activity to satisfy both buyers and sellers. An illiquid market is generally one in which it is difficult to convert Exchange Traded International Securities into cash by selling them. Accordingly, in an illiquid market there is a risk that investors may not be able to sell their Exchange Traded International Securities at a reasonable price. To ensure sufficient liquidity, RBS undertakes to the ASX that it will make a market by maintaining buy and sell orders for the life of the Exchange Traded International Securities in accordance with the ASX Operating Rules. However, this does not guarantee that you will always be able to sell or buy Exchange Traded International Securities when you wish to do so.

4.12 Suspension of Exchange Traded International Security trading
Trading of Exchange Traded International Securities on the ASX secondary market may be halted or suspended in certain circumstances. This may occur if, for example, trading in the underlying Reference Shares is suspended or halted, or if ASX deems such action appropriate in the interests of maintaining a fair and orderly market in Exchange Traded International Securities.

This may also, at RBS's discretion, lead to the termination of Exchange Traded International Securities if such halt or suspension is deemed, with the ASX's consent, to be an Extraordinary Event by RBS.

4.13 Exercise and registration
A person Exercising an Exchange Traded International Security risks the Exercise Notice being ineffective if the person is not in the reasonable opinion of RBS the person entitled to give an Exercise Notice. If an Exercise Notice is deemed by RBS (acting reasonably) to be ineffective, then the person giving the Exercise Notice has no entitlement to any Rollover (if available), Cash Amount, Reference Shares or any other payment or transfer from RBS in relation to the Exchange Traded International Securities.

4.14 Conflicts of interest
Companies in the RBS Group will conduct transactions as principal and as agent in various securities, including the Exchange Traded International Securities and the Reference Shares.

Potential conflicts of interest can arise because a number of entities involved in this offer are related parties.

RBS, other members of the RBS Group, or their directors, employees or affiliates may, subject to law, hold shares or units in members of the RBS Group and/or hold Exchange Traded International Securities or Reference Shares. The directors and employees of RBS and other members of the RBS Group may receive remuneration based on the issue or performance of Exchange Traded International Securities or the Reference Shares, in whole or in part.

Members of the RBS Group may have business relationships or alliances (including joint ventures) with any of the Reference Companies, issuers, managers or the Reference Companies and where the Reference Shares seek to track an index or market, the constituents of that index or market. A member of the RBS Group may also be a substantial shareholder or manager of any of the Reference Companies. In addition, members of the RBS Group may from time to time advise any of the Reference Companies or their managers in relation to Exchange Traded International Securities or activities unconnected with the Exchange Traded International Securities which may or may not affect the value of the Reference Companies, the Reference Shares and/or Exchange Traded International Securities. Such relationships and advisory roles may include but are not limited to:

- acting as manager or joint lead manager in relation to the offering or placement of rights, options or other securities including Reference Shares;
- advising in relation to mergers, acquisitions or takeover offers; and
- acting as general financial advisor in respect of, without limitation, corporate advice, financing, funds management and property and other services.

RBS may also have a commercial relationship with various senior executives of a Reference Company, issuers or managers of a Reference Company and where the Reference Company seeks to track an index or market, the constituents of that index or market, and may sell financial products to, or advise, such senior executives in relation to Exchange Traded International Securities and matters unconnected with the Exchange Traded International Securities. These activities may have an adverse effect on the value of Shares or the Exchange Traded International Securities.

The RBS Group has a conflicts of interest policy to ensure that it identifies and appropriately manages all conflicts of interest. RBS' conflicts of interest policy relates to its monitoring, prevention and other compliance measures related to the management of conflicts of interest.

4.15 Rollover may not be available
If RBS does not make available another similar Series of Exchange Traded International Securities over the same Reference Share, the Rollover option will not be available during the final Exercise Period and you will need to elect to either receive the Reference Shares or the Cash Amount.

4.16 National Guarantee Fund – not a guarantor in all cases
The National Guarantee Fund (NGF) is a pool of assets that is available to meet valid claims arising from dealings with stock brokers in certain circumstances. Under certain circumstances you may be able to claim against the NGF in relation to secondary trading in Exchange Traded International Securities on the stock market conducted by ASX. Claims on the NGF can in no way relate to the primary issue of the Exchange Traded International Securities or the settlement obligations of RBS arising from the Exercise of an Exchange Traded International Security.
4.17 Foreign Reference Shares risk
Rights in relation to Reference Shares and the ability of a holder of Reference Shares to enforce those rights vary from jurisdiction to jurisdiction. Holders should be aware that if they take delivery of Reference Shares that are governed by the laws of a country other than Australia, the securities laws of the overseas jurisdiction of the Reference Company or the overseas Relevant Exchange will apply in relation to that holding, and those laws may be different to Australian securities laws and in particular may not offer the same levels of investor protection as Australian securities laws. Before a Holder make a decision whether to take delivery of any foreign Reference Shares, they should satisfy themselves in relation to how overseas securities laws may affect them.

A Holder wishing to take delivery of any Reference Shares must make its own assessment as to whether any investment, dealing or holding restrictions apply in relation to those Reference Shares. A Holder electing to receive Reference Shares, must provide RBS with acceptable account details in order for RBS to be able to transfer the Reference Shares to the Holder or the Holder’s nominee.

4.18 Risk of changes to the Terms
RBS may in certain circumstances make changes to the Terms. These circumstances are set out in clauses 15 and 16 of the Terms set out in PDS Part 2, section 10.

4.19 Tax risk
PDS Part 2 section 7 “Tax considerations” contains a taxation summary based on current Australian taxation laws.

Prospective Holders should read this carefully to confirm the suitability of the Exchange Traded International Securities for them and should seek their own advice in relation to any changes in the tax law or practice that may occur after the issue of the PDS.

4.20 Overseas taxation consequences
The Reference Shares for the Exchange Traded International Security offered under this PDS may be exchange traded funds and securities in companies incorporated in a country other than Australia and listed on an exchange other than the ASX. Various taxation consequences may be applicable in the overseas jurisdictions on the distributions and the acquisition, transfer or sale of the Reference Shares.

For example, the following taxes may be payable:

- Withholding tax on dividends or distributions paid by the Reference Company (which will be taken into account in relation to any Income Amount payable to a Holder);
- Capital gains tax on the disposal of the Reference Shares (including potentially on the change in beneficial ownership if the Reference Shares are transferred to Holders following Exercise); and
- Stamp duty on the transfer of the Reference Shares.

Taxes payable by a Holder are the liability of the Holder and not RBS. In addition, the effect of these taxes may affect the value of the Exchange Traded International Security and the amount (if any) received by Holders following Exercise.

4.21 Changes in law
The descriptions of the Exchange Traded International Security are based on Australian law in effect as at the date of this PDS. Changes in the law or its interpretation, including taxation and corporate regulatory laws, practice and policy, could have a negative impact on the returns to Holders and may cause an Extraordinary Event or an Adjustment Event to occur. In particular, the change of law risk in the context of income tax is discussed in section 7 “Tax considerations” of this PDS Part 2. Holders should review the tax opinion with their own tax advisor.
5. Fees & commission

If you purchase Exchange Traded International Securities directly from RBS under the initial offer, then you will be required to pay a Placement Fee. The Placement Fee is expressed as a percentage of the Closing Price of the Reference Share and is set out in the Summary Table in Part 1. For an example of how the Placement Fee affects the Application Price, please refer to PDS Part 2, section 2.7 “How will the Application Price be determined”.

If you purchase Exchange Traded International Securities on the secondary market through ASX you will not be required to pay a Placement Fee but you may pay some fees or commissions directly to your stockbroker. Any such fees and commissions should be disclosed in the stockbroker’s financial services guide.

If an ordinary dividend or distribution is paid in respect of a Reference Share to which an Exchange Traded International Security relates, you authorise RBS to deduct a Dividend Fee and any applicable GST from any Income Amount payable to you. The Dividend Fee is 50% of any Income Amount (exclusive of GST). An Income Amount is an amount equal to the amount of any ordinary dividend or distribution payable in respect of a Reference Share, less any withholding tax or similar tax.

RBS Group entities may pay a fee or commission (including without limitation some or all of the Placement Fee) in relation to the Exchange Traded International Securities to certain intermediaries involved in the issue or distribution of Exchange Traded International Securities.
6. General information

This section outlines for potential investors some additional general information in relation to the Exchange Traded International Securities.

6.1 Admission to trading status on the ASX

Application has been made for the Exchange Traded International Securities to be admitted to trading status by the ASX. If the ASX approves the Exchange Traded International Securities being admitted to trading status (or if applicable, if ASX considers the New Guarantor to be an entity which satisfies paragraph 10.2.1(4)(f) of Schedule 10 to the ASX Operating Rules) that should not be taken in any way as an indication of the merits of RBS, the Guarantor (or any New Guarantor) or of the Exchange Traded International Securities.

The ASX has not authorised or caused the issue of this PDS or the making of offers or invitations with respect to the Exchange Traded International Securities. The ASX takes no responsibility for the contents of this PDS. In particular the ASX makes no representation as to whether this PDS and the Terms comply with the Corporations Act or the ASX Operating Rules.

To the extent permitted by law, the ASX disclaims all liability for any claim of whatever kind, including for any financial or consequential loss or damage suffered by Holders or any other person, if that claim arises wholly or substantially out of:

- reliance on any information contained in this PDS; or
- any error in, or omission from, this PDS.

6.2 Market making

RBS Equities or its nominee intend to apply for Exchange Traded International Securities to facilitate its market making activities. If the total number of Exchange Traded International Securities applied for by investors and by RBS Equities or its nominee for market making purposes is less than the Maximum Issue Size, RBS Equities reserves the right to apply for all or any of the remaining Exchange Traded International Securities (in its name or in the name of a nominee). RBS reserves the right to issue the Exchange Traded International Securities to such persons.

6.3 Legislation regulating disclosure of substantial shareholders and takeovers

The acquisition of an Exchange Traded International Security may have implications for a Holder under relevant legislation regulating the disclosure and holding of interests in Reference Shares. Holders should seek their own advice about this as the implications of these provisions will depend on the Holder’s particular circumstances including their own and other persons’ existing Reference Share holdings, as RBS does not provide advice in this regard.

6.4 Other restrictions

The acquisition and Exercise of Exchange Traded International Securities could potentially have implications for investors under legislation in the jurisdiction of the Reference Shares or the Relevant Exchange and may be restricted under the constitution of the relevant Reference Company. Investors should seek their own advice in this regard.

6.5 Consents

Link Market Services Limited has given and not withdrawn its consent to be named in this PDS, but has not authorised, and should not be taken to have caused, the issue of any other part of this PDS.

RBS Equities has given and not withdrawn its consent to be named in this PDS, but has not authorised, and should not be taken to have caused the issue of any part of this PDS.

The Guarantor has given and not withdrawn its consent to be named in this PDS, but has not authorised, and should not be taken to have caused the issue of any part of this PDS.

CommSec has given and not withdrawn its consent to be named in this PDS, but has not authorised, and should not be taken to have caused the issue of any part of this PDS.

6.6 Cooling off

No cooling off rights apply to the issue of the Exchange Traded International Securities.

6.7 Additional information

RBS will ensure that they notify investors of any material changes to this PDS (generally RBS will do this by notifying the ASX and making an appropriate announcement to the market).

If you require an Application Price for the Exchange Traded International Securities, financial statements and accounts relating to RBS and/or the Guarantor or other information concerning Exchange Traded International Securities, please contact CommSec on 13 15 19 or visit the websites www.rbs.com.au/exchangetradedsecurities or www.commsec.info/etis. Paper copies of the financial information are available free on request.
6.8 Privacy
RBS collects your personal information in order to:
• provide and manage the financial products and services provided by RBS to you;
• comply with relevant laws (such as anti-money laundering and counter-terrorism legislation); and
• keep you informed of new products and services.
RBS may use the information to send out information concerning RBS' other trading and investment products. If you do not actively select to not receive any information on RBS' other trading and investment products, you are taken to have consented to receive such information. If at any time you are receiving information from RBS about RBS products and do not wish to receive further correspondence, you will need to let RBS know by calling 1800 450 005.
RBS may disclose information about you to third parties where it is necessary for business purposes in managing a financial product or service and/or where RBS has service partners involved in providing your financial products or services. On request, RBS will provide you with a copy of any personal information which RBS holds about you. RBS will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide RBS with the personal information which RBS requests, RBS may not be able to provide a service, or RBS may be required by law to take particular actions such as deducting taxation at the top marginal rate.
Further information about RBS' privacy practices can be found by requesting a copy of RBS' privacy policy. If you inform RBS that information it holds about you is not accurate, complete or up to date, RBS will take reasonable steps to correct it.

6.9 Complaints and enquiries
If a Holder has an enquiry or concern about their investment, they should contact the RBS Structured Products Desk on 1800 450 005 or by writing to:

RBS Group (Australia) Pty Limited
RBS Structured Products Desk
RBS Tower
Level 22, RBS Tower 88 Phillip Street
Sydney NSW 2000

Or

GPO Box 4675
Sydney NSW 2001

If you have a complaint and it is not addressed to your satisfaction by the RBS Structured Products Desk, you can then direct your complaint to the Head of Compliance using the addresses above.
RBS' compliance department will acknowledge receipt of your complaint in writing. Your complaint will be investigated in accordance with the RBS Group Complaints Policy (which can be read at www.rbs.com.au). You will be informed in writing of the result of the compliance investigation into your complaint.

If you are not satisfied with RBS' response to your complaint you can then contact the Financial Ombudsman Service ("FOS") at:

Address: Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Level 12, 717 Bourke St
Docklands VIC 3008

Telephone: 1300 780 808
Email: info@fos.org.au

FOS is a free independent dispute resolution scheme. In order for a complaint to be considered by FOS, the claim involved must be under AUD500,000 (unless RBS and the Holder agree otherwise in writing).

6.10 Labour standards and environmental, social and ethical considerations
Neither RBS or the Guarantor will take into account any labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising an investment. An investment in Exchange Traded International Securities requires the Holder to select the applicable Reference Shares. Should you wish to know whether a Reference Company takes into account any labour standards or environmental, social or ethical considerations, the Holder should make their own enquiries of the Reference Company.

6.11 Client money
RBS is entitled to keep the interest (if any) earned in respect of application moneys between the receipt of funds from an applicant and the issue of Exchange Traded International Securities or the return of the funds, as the case may be.

6.12 Nominee Deed
This section sets out a summary of some of the key terms of the Nominee Deed. The below summary does not purport to address every term of the Nominee Deed. A copy of the Nominee Deed is available free of charge to Holders by contacting RBS.
Each Holder obtains a beneficial interest in the Nominee Securities, subject to the terms of the Nominee Deed.
The Nominee agrees to hold the trust property on trust for the beneficiaries. The trust property includes the Nominee Securities. The beneficiaries of the trust are RBS (in respect of income) and Holders (in all other respects).
A Holder does not have any right to require the transfer to it of any Nominee Securities, to receive any payment in respect of any dividend paid in respect of the Nominee Securities, or to exercise (or direct the exercise) of any voting rights in respect of the Nominee Security.
The Nominee Securities may be substituted in certain circumstances, including upon the occurrence of a corporate action such as a takeover.
If the Nominee acts in good faith and without wilful; default or negligence, the Nominee is not responsible to any Holder for any loss suffered in respect of the trust arrangement. The liability of the Nominee is in any event limited to the trust property.

The Nominee may be replaced in certain circumstances. The Nominee Deed may also be amended in certain limited circumstances.
7. Tax considerations

This section outlines some of the general Australian income tax, goods and services tax (GST) and stamp duty implications for an investor who purchases, holds, deals or Exercises Exchange Traded International Securities governed by the terms specified only in Part 2 of this PDS. Part 1 of the PDS may contain more specific terms applicable to a particular Series of Exchange Traded International Securities, which have not been taken into account in this section. Any specific terms for a Series of Exchange Traded International Securities should also be taken into account by an investor in determining the Australian income tax, GST and stamp duty implications of the relevant Series of Exchange Traded International Securities.

This section does not provide any comments on the application of foreign tax laws to Holders of Exchange Traded International Securities or Reference Shares. Unless indicated otherwise, legislative references in this section are to the provisions of the Income Tax Assessment Act 1997 and Income Tax Assessment Act 1936 (together, the Tax Act) and capitalised terms are references to defined terms in the PDS.

The discussion contained in this section is of a general nature only and does not take into account each Holder’s specific circumstances, should not be relied on by a Holder and should not be used as a substitute for a Holder obtaining their own tax advice. This section does not consider the tax implications for Holders that borrow money to fund the acquisition of their Exchange Traded International Securities. Investors that are considering borrowing money to fund the acquisition of Exchange Traded International Securities should also be taken into account in this section. Any specific terms for a Series of Exchange Traded International Securities, which have not been taken into account (and not on capital account).

The comments in this section apply to Holders of Exchange Traded International Securities that meet all of the following circumstances:

i. the Holder is an Australian resident for tax purposes;

ii. the Holder will acquire the Exchange Traded International Securities as an applicant under this PDS or on the ASX;

iii. the Reference Company will not be a “connected entity” (as defined in subsection 995-1(1) of the Tax Act) of RBS;

iv. no Reference Company will make frankable distributions for Australian tax purposes;

v. the Holder will not hold their Exchange Traded International Securities or Reference Shares as trading stock;

vi. the Holder will not be an attributable taxpayer in relation to the Reference Company under the controlled foreign company (CFC) rules contained in Part X of the Tax Act;

vii. the Reference Shares will be quoted on a recognised stock exchange which is a member of the World Federation of Exchanges and Exchange Traded International Securities will be quoted on the ASX; and

viii. all transactions Holders enter into in connection with their Exchange Traded International Securities will be at prevailing market prices and otherwise on arm’s length terms.

If a Holder does not meet any one of these circumstances, the Holder should obtain tax advice specific to their situation.

The comments in this section are not binding on the Australian Taxation Office (ATO) or State revenue authorities (OSRs) and it is not assurance that the ATO or OSRs will agree with the comments in this section or that any contrary view of the ATO or OSRs would not ultimately be upheld by a Court.

This section has been prepared based on the laws in force and administrative practice as at the date of this PDS and addresses only the position of Holders who are Australian residents. Australian tax laws (and their interpretation by the Courts and their administrative practice) are subject to constant review and change and Holders and their advisers should monitor developments on a regular basis as future changes to the taxation laws could affect the tax consequences of investing in the Exchange Traded International Securities.

7.1 Capital account vs revenue account

The tax consequences of investing in the Exchange Traded International Securities will depend on whether a Holder holds their Exchange Traded International Securities on capital account or revenue account. A Holder may be regarded as holding their Exchange Traded International Securities on capital account where the Holder acquires the Exchange Traded International Securities with the reasonable intention of Exercising them and electing to receive delivery of the Reference Shares and then to hold the Reference Shares as a long term investment to derive distribution income.

A Holder who carries on a business of dealing in shares, derivatives or other securities, or who (at the time of acquiring the Exchange Traded International Securities) has a purpose of disposing of or Exercising their Exchange Traded International Security for a profit as part of a commercial transaction, would generally be regarded as holding their Exchange Traded International Securities on revenue account (and not on capital account).

A Holder who acquires or holds Exchange Traded International Securities for the purpose of sale or exchange in the ordinary course of a business should generally be regarded as holding the Exchange Traded International Securities as trading stock. There are specific provisions in the Tax Act dealing with acquiring, holding and disposing of trading stock which are not discussed in this section. Such Holders should obtain their own advice on the application of the trading stock provisions to their situation.
7.2 Purchasing, holding, dealing and Exercising Exchange Traded International Securities

Capital account Holders

The Exchange Traded International Securities should be characterised as options for income tax purposes on the basis that on Exercise a contract arises under which RBS is bound to deliver Reference Shares to the Holder (subject to an election being made by the Holder that the Option can be settled by RBS paying a Cash Amount or, for Exercise on the Expiry Date, a new Series of Exchange Traded International Securities). The Exchange Traded International Securities should not be a “security” for the purposes of the “traditional security” provisions in sections 26BB and 70B of the Tax Act or the “qualifying security” provisions in Division 16E of Part III of the Tax Act.

The purchase of Exchange Traded International Securities should not have any immediate tax consequences for a Holder on capital account. The Purchase Price or acquisition cost of the Exchange Traded International Securities together with any incidental costs of acquisition such as the Placement Fee or brokerage fees should be included in the cost base and reduced cost base of the Exchange Traded International Securities.

Any Income Amounts paid in respect of Exchange Traded International Securities should be included in the assessable income of a Holder when derived. Holders will not be entitled to any foreign income tax offset for withholding tax which is taken into account in calculating the Income Amount. The Dividend Fee should be deductible when incurred by a Holder.

If Exchange Traded International Securities are sold on the ASX or otherwise disposed of (eg where the Holder instructs, or is taken to have instructed, RBS to sell sufficient Exchange Traded International Securities on their behalf to pay for Expenses on Exercise of the Holder’s remaining Exchange Traded International Securities), the Holder will make a capital gain if the sale proceeds exceed the cost base of their Exchange Traded International Securities or a capital loss, if the reduced cost base of their Exchange Traded International Securities exceeds the sale proceeds.

If the Exchange Traded International Securities are Exercised (on the Expiry Date or a Rolling Date (if applicable)) and the Holder elects to settle the contract that arises by receiving delivery of the underlying Reference Shares, any capital gain or capital loss made on Exercise should be disregarded. The cost base of the Exchange Traded International Security together with any amount the Holder pays to Exercise their Exchange Traded International Securities should be included in the cost base and reduced cost base of the Reference Shares, which will be relevant in determining any capital gain or capital loss on a subsequent disposal of the Reference Shares.

If the Exchange Traded International Securities are Exercised (on the Expiry Date or a Rolling Date (if applicable)) and the Holder elects to settle the contract that arises on Exercise by receiving a Cash Amount or (in relation to Exercise on the Expiry Date) to Rollover to a new Series of Exchange Traded International Securities (if available), the Holder will make a capital gain if the capital proceeds from the event exceeds the cost base of their Exchange Traded International Securities or a capital loss, if the reduced cost base of their Exchange Traded International Securities exceeds the capital proceeds. If the Exchange Traded International Securities terminate otherwise than because of Exercise, the Holder will make a capital gain if the capital proceeds from the event exceed the cost base of their Exchange Traded International Securities or a capital loss, if the reduced cost base of their Exchange Traded International Securities exceeds the capital proceeds.

The capital proceeds will be either a Cash Amount or (in the case of Exercise on the Expiry Date or termination) the market value of the new Series of Exchange Traded International Securities or a Termination Amount or liquidated Damages.

Any capital gain made by the Holder may be eligible for the capital gains tax (CGT) discount (see below).

The cost base and reduced cost base of the new Series of Exchange Traded International Securities obtained in a Rollover (upon Exercise on the Expiry Date) should be equal to their market value at the time of the Rollover.

In respect of an Exchange Traded International Security which has one or more Rolling Dates, there should be no income tax consequences if the security is not Exercised on a Rolling Date.

Revenue account Holders

Where Exchange Traded International Securities are held by a Holder on revenue account (and not as trading stock), any profit made on the disposal, Exercise or termination of the Exchange Traded International Securities should be included in the Holder’s assessable income and any loss should be allowable as a deduction.

Any Income Amounts paid in respect of Exchange Traded International Securities should be included in the assessable income of a Holder when derived. Holders will not be entitled to any foreign income tax offset for withholding tax which is taken into account in calculating the Income Amount. The Dividend Fee should be deductible when incurred by a Holder.

If the Exchange Traded International Securities are Exercised and the Holder elects to settle the contract that arises on Exercise by receiving delivery of the underlying Reference Shares, no profit or loss should be recognised on Exercise. The “revenue cost” of the Exchange Traded International Securities together with any amount the Holder pays to Exercise their Exchange Traded International Securities should be included in the “revenue cost” of the Reference Shares, which should be taken into account in determining any gain or loss on a subsequent disposal of the Reference Shares.

The “revenue cost” of the new Series of Exchange Traded International Securities obtained in a Rollover should be equal to their market value at the time of the Rollover.

In respect of an Exchange Traded International Security which has one or more Rolling Dates, there should be no income tax consequences if the security is not Exercised on a Rolling Date.

The Exchange Traded International Securities are also CGT assets. However, there are anti-overlap provisions in the Tax Act that broadly operate to reduce any corresponding capital gain or capital loss made by a Holder on revenue account by the amount of the respective assessable profit or deductible loss made by the Holder.

7.3 Holding Reference Shares

The Australian tax consequences of holding the Reference Shares will depend on the Holder’s circumstances and Holders should obtain their own advice on the Australian and foreign tax consequences.
of holding the Reference Shares prior to giving RBS an Exercise Notice. Some of the issues which Holders should consider include:

- whether dividends and other distributions received in respect of the Reference Shares should be included in the Holder’s assessable income;
- whether any foreign withholding tax which may be paid in respect of those distributions gives rise to an entitlement to a foreign income tax offset; and
- whether the receipt or payment of amounts in foreign currency give rise to foreign exchange gains and losses under Division 775 of the Tax Act.

### 7.4 Discount capital gains

If a Holder is an individual, trust or complying superannuation fund, the Holder may be entitled to discount CGT treatment on any capital gain made as a result of any of the following CGT events:

- Exercising the Exchange Traded International Securities; or
- disposing of their Exchange Traded International Securities; or
- disposing of the Reference Shares received on Exercise of their Exchange Traded International Securities,

where the Holder acquired the Exchange Traded International Securities or Reference Shares for CGT purposes at least 12 months prior to the date of the relevant CGT event. Where discount CGT treatment applies, a Holder may reduce their capital gains (after applying any available capital losses) by 50% if they are an individual or trust, or by 33 1/3% if they are a complying superannuation fund. In the case of the disposal of Reference Shares acquired on Exercise of the Exchange Traded International Securities, a Holder will need to hold the Reference Shares for at least 12 months after the Reference Shares were acquired to qualify for the CGT discount in respect of any capital gain made in respect of the Reference Shares.

Discount CGT treatment is not available to Holders that are companies.

### 7.5 Taxation of financial arrangements

Division 230 of the Tax Act operates to tax gains and losses (including foreign exchange gains and losses) arising from certain “financial arrangements” on revenue account and in some cases on a compounding accruals basis.

Holders that are individuals will generally be exempt from the application of Division 230 of the Tax Act unless they make an election for it to apply to them. Superannuation funds, managed investment schemes, financial entities and other entities which are considered small may also be exempt from the application of Division 230 of the Tax Act unless they make an election for it to apply to them. As the application the Division 230 of the Tax Act is dependent on the facts and circumstances of the Holder, Holders should obtain their own advice in relation to the potential applicability of Division 230 of the Tax Act, in light of their own individual facts and circumstances.

### 7.6 General anti-avoidance provisions

Part IVA of the Tax Act contains general anti-avoidance provisions which can operate to cancel certain tax benefits obtained by a taxpayer. The applicability of Part IVA of the Tax Act is something which can only be conclusively determined on a case-by-case basis in light of the relevant facts and circumstances arising for a particular taxpayer.

A Holder may be taken to have obtained a tax benefit if, very broadly, the tax outcomes under the scheme entered into by the Holder are more favourable than that which would, or might reasonably be expected to, have been the tax outcome if the scheme had not been entered into. However, even if a tax benefit has been obtained by a Holder, Part IVA can only apply if the scheme was entered into for the dominant purpose of obtaining that tax benefit. The existence of a dominant purpose should be determined on an objective basis, having regard to the list of relevant factual circumstances contained in Part IVA of the Tax Act.

Holders should not be affected by the general anti-tax avoidance provisions contained in Part IVA of the 1936 Act, provided that Holders have not invested in Exchange Traded International Securities as part of a scheme with the dominant purpose of obtaining a tax benefit.

### 7.7 Goods and services tax

GST should not be payable in respect of the purchase, sale, Exercise or termination of the Exchange Traded International Securities or the transfer of the Reference Shares to Holders on Exercise of the Exchange Traded International Securities because all of these transactions should be financial supplies or supplies which are not connected with Australia. However, GST will be payable in respect of certain Expenses, brokerage, fees for advice commissions and other transaction fees incurred by RBS or Holders. In particular, the Placement Fee and Dividend Fee will attract GST.

Generally Holders will not be entitled to input tax credits in respect of GST on acquisitions they make. Where a Holder is registered for GST and their investment activities are part of an enterprise they carry on, the Holder may be entitled to a reduced input tax credit (currently 75%) in respect of some of this GST.

### 7.8 Stamp duty

Australian stamp duty should not be payable in respect of the purchase, sale, Exercise or termination of the Exchange Traded International Securities or the transfer of the Reference Shares to Holders on Exercise of the Exchange Traded International Securities.
8. Description of the Exchange Traded International Security issuer and Guarantor

The RBS Group is a large international banking and financial services group. Headquartered in Edinburgh, the RBS Group operates in the United Kingdom, Europe, the Middle East, the Americas and the Asia-Pacific region, serving over 30 million customers. The RBS Group provides a wide range of products and services to personal, commercial and large corporate and institutional customers through its two principal subsidiaries, The Royal Bank of Scotland and NatWest, as well as through a number of other well-known brands, including Citizens, Charter One, Ulster Bank, Coutts, Direct Line and Churchill.

In the Asia-Pacific region, the RBS Group serves corporate, institutional and public sector clients in 11 countries and is a leading provider of corporate and financial services. The Group has had a presence in Australia since 1974 and has worked on some of the local market’s largest and most complex transactions and projects for the Group’s corporate, institutional and public sector clients.

The value of the Exchange Traded International Securities and the ability of RBS and the Guarantor or any New Guarantor to meet their obligations in respect of Exchange Traded International Securities depends on, among other things, the financial performance of RBS and the Guarantor or any New Guarantor. The obligations of RBS and the Guarantor and any New Guarantor are unsecured obligations which rank equally with all other unsecured obligations of RBS and the Guarantor and any New Guarantor.

A relevant factor for the assessment of counterparty risk of RBS is the Guarantee or any New Guarantee and the financial position of the Guarantor or any New Guarantor. Further information in respect of the Guarantor and the Guarantee and information about how a New Guarantor may be selected is available in PDS Part 1.

In this PDS unless the context otherwise requires:

“Accretions” means all rights and entitlements attaching to the Reference Shares after the date of issue of the Exchange Traded International Security including, without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options or other Reference Shares exercisable, declared, paid or issued in respect of the Reference Shares.

“Adjustment Event” means, in respect of an Exchange Traded International Security:

a. any force majeure event (including without limitation any force of nature, industrial action or action or inaction by a Government Agency) occurs, or any other event occurs which RBS determines, in good faith and acting reasonably, results in the performance of its obligations in respect of that Exchange Traded International Security being or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise;

b. RBS:
   i. is unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedge Position it deems reasonably necessary to hedge the risk of entering into and performing its obligations with respect to the Exchange Traded International Securities; or
   ii. is unable to realise, recover or remit the proceeds of any Hedge Position referred to in paragraph (b)i; or
   iii. would incur a materially increased (as compared with circumstances existing on the Listing Date for that Exchange Traded International Security) amount of tax, duty, expense or fee (other than brokerage commissions) to do any of the things specified in paragraphs (b)i or (b)ii;

c. in respect of a Reference Share:
   i. a Market Disruption Event occurs;
   ii. an event occurs which results in RBS being unable to redeem, sell, dispose of or liquidate (or if relevant, acquire, purchase or transfer) Reference Shares; or
   iii. a Corporate Adjustment occurs and the Price Source has not, in the opinion of the Calculation Agent, made an appropriate adjustment to the Reference Share in order to account fully for such an event;
   iv. the Reference Share is suspended, or the Reference Share's price is not published and announced by the Price Source, or a successor Price Source acceptable to RBS, for a period of at least twenty-four hours;
   v. it is announced the Reference Shares will be de-listed or cease quotation and will not be immediately re-listed or commence quotation on another exchange acceptable to RBS; or
   vi. there is a suspension or material limitation on trading of securities generally on a Relevant Exchange for that Reference Share or of options contract or futures contracts or other derivative contracts on a Related Exchange relating to the Reference Share for a period of 24 hours or more, or during the one hour period that ends at the official close of trading on a Relevant Exchange or Related Exchange;
   d. a Change of Law occurs;
   e. it is announced that any of the Reference Shares for that Exchange Traded International Security, or all, or substantially all, of the assets of the relevant Reference Company are, or will be, nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
   f. there is any change announced to any applicable short selling laws or government interpretation of applicable short selling laws in Australia or any other relevant jurisdiction;
   g. a Conversion Event occurs in respect of the Settlement Currency or the currency of the Reference Share;
   h. any actual or proposed event that may reasonably (in RBS’s opinion), be expected to lead to any of the events referred to in paragraphs (a) to (g) of this definition occurring;
   i. the issuer of currency in Australia or the jurisdiction of the Reference Share defaults or delays in payment of any amount, or declares a moratorium, standstill, waiver or deferral in payment of any amount, or unilaterally amends or seeks to amend the terms of its payment obligations;
   j. the issuer of currency in Australia or the jurisdiction of the Reference Share imposes any restrictions or exchange controls which in the reasonable opinion of RBS have or may have a material impact on Exchange Traded International Securities, the Reference Company or the Reference Shares; or
   k. any other event which RBS reasonably declares to be an Adjustment Event.
“Application” means the process of making an application through the initial offer, as described in section 2.6 of this PDS Part 2.

“Application Price” means, in relation to each Exchange Traded International Security, the amount paid for subscription of that Exchange Traded International Security in the initial offer as described in section 2.6 of this PDS Part 2, as determined in accordance with the formula set out in section 2.7 of this PDS Part 2.

“ASIC” means the Australian Securities and Investments Commission.

“ASX” means, as the context requires, the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691), or ASX Limited itself (or any successor exchange or operator).

“ASX Code” means, in relation to a Series of Exchange Traded International Securities, the trading code given to the Exchange Traded International Securities by the ASX for that Series as set out in Part 1 of this PDS.

“ASX Operating Rules” means the operating rules of the ASX, as amended from time to time.

“ASX Settlement” means ASX Settlement Pty Limited (ABN 49 008 504 532) or any successor.

“ASX Settlement Operating Rules” means the operating rules of ASX Settlement.

“Australian Dollars” means the lawful currency of Australia.

“Beneficial Interest” means the beneficial interest which a Holder acquires in the Nominee Securities (and any other trust property in respect of which the Holder is a beneficiary).

“Business Day” has the meaning given to that term by the ASX Operating Rules.

“Calculation Agent” means RBS or such other calculation agent as appointed by RBS in its absolute discretion.

“Cash Amount” means an amount determined in accordance with the following formula:

\[
\text{Cash Amount} = \frac{\text{Exit Value} \times \text{Settlement Exchange Rate}}{\text{Expenses}}, \text{rounded to the nearest whole cent.}
\]

“Change of Law” means that due to the adoption of, or any change in any applicable law or regulation (including without limitation any taxation legislation) or due to the promulgation or any change in the interpretation (by any court, tribunal or regulatory authority with competent jurisdiction) of any applicable law or regulation (including any action taken by a taxing authority) RBS determines in good faith that it has become illegal for any party to hold, acquire or dispose of the Exchange Traded International Securities or the Reference Shares or any Hedge Position or it has become illegal for RBS or any other party, or RBS or any other party will incur a materially increased cost, to perform its obligations under the Terms (including due to any increase in tax liability decrease in tax benefit or other adverse effect on its tax position).

“CHESS” means the Clearing House Electronic Subregister System operated by ASX Settlement.

“Closing Price” means respect of a Reference Share the price determined at the close of ordinary trading on the Relevant Exchange as published by the Relevant Exchange (excluding pre-market and after hours trading).

“Closing Time” means, in respect of an Exercise Period, 12:00pm on a Rolling Date or 12:00pm on the Expiry Date, as applicable.

“Completion Date” means, in relation to Exchange Traded International Securities, the day which is 11 Business Days after the relevant Rolling Date (if applicable) or the day which is 11 Business Days after the Expiry Date, as applicable.

“CommSec” means Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814.

“Conversion Event” means, in relation to a calculation, conversion or payment from one currency into another currency, any event which, in RBS’ opinion, makes it impractical for either currency to be calculated, converted, delivered or paid.

“Corporate Adjustment” means, in respect of a Reference Share, the occurrence of any one or more of the following events:

a. a subdivision, consolidation or recategorisation of the Reference Share;

b. a distribution, issue or dividend (whether by way of bonus, capitalisation or similar issue) to holders of the Reference Share of (i) Reference Shares; or (ii) other share capital granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Reference Company (or any other entity); or (iii) share capital or other Reference Shares of another issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets;

c. a call by the Reference Company in relation to any Reference Share that is not fully paid;

d. in respect of the relevant Reference Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Reference Company pursuant to a shareholder rights plan or arrangement directed against hostile takeover bids that provide for a distribution of preferred stock, warrants, debt instruments or stock rights or other securities;

e. a redemption, cancellation or re-purchase by the relevant Reference Company or any of its subsidiaries of securities, whether out of profits or capital and whether the consideration for such redemption, cancellation or repurchase is cash, securities or otherwise;

f. a tender offer, exchange offer or a takeover bid for the Reference Share or any analogous offer;

g. a consolidation, amalgamation, de-merger, merger or binding share exchange of the relevant Reference Company with or into another entity or person;

h. it is announced that the Reference Share will be de-listed from the Relevant Exchange on which such Reference Share was listed and is re-listed on another exchange acceptable to RBS;

i. any amendment or change to the terms, or cancellation, of a Corporate Adjustment previously announced by a Reference Company; and

j. any other event which RBS determines, with the consent of ASX, should be a Corporate Adjustment.

For the avoidance of doubt, any event which constitutes an ordinary dividend or distribution shall not constitute a Corporate Adjustment.
“Corporations Act” means the Corporations Act 2001 (Cth), as amended from time to time.

“Dividend Fee” means a fee payable by a Holder to RBS of 50% of any Income Amount (exclusive of GST). The Dividend Fee, together with any applicable GST, is paid on the Holder’s behalf by deducting it from the Income Amount payable to the Holder.

“Exchange Traded International Security” means each Exchange Traded International Security issued under this PDS.

“Exercise” means the exercise of an Exchange Traded International Security, in accordance with clause 7 of the Terms.

“Exercise Notice” means a notice in the form to be circulated by RBS prior to a Rolling Date (if applicable) or the Expiry Date.

“Exercise Period” means
a. in respect of a Rolling Date (if applicable), the period from the date 20 Business Days before the Rolling Date to the Closing Time on that Rolling Date; and
b. in respect of the Expiry Date, the period from the date 20 Business Days before the Expiry Date to the Closing Time on the Expiry Date.

“Exit Value” means, as at a Rolling Date (if applicable) or the Expiry Date:

a. the most recent closing price of the Reference Share on the Relevant Exchange; and
b. if, in the reasonable determination of the Calculation Agent, the most recent closing price of the Reference Share on the Relevant Exchange cannot be determined, or is not in the reasonable opinion of the Calculation Agent reflective of true supply and demand in respect of the Reference Share, or a Market Disruption Event has occurred, an amount determined by the Calculation Agent acting reasonably and in good faith as the Exit Value having regard to the then prevailing market conditions, the last reported price of the Reference Share and such other factors as the Calculation Agent determines relevant.

“Expenses” means any incidental costs, including unwinding of hedging arrangements, Transfer Taxes and/or expenses and brokerage (if applicable) incurred by RBS in relation to the Exercise or early termination of an Exchange Traded International Security. See section 4.7 for further information on how Expenses are calculated.

“Expiry Date” means, in relation to each Series, the date set out in Part 1 of the PDS for that Series. For more information on the action you can take prior to the Closing Time on the Expiry Date, see section 2.12 of this PDS.

“Extraordinary Event” means, in respect of an Exchange Traded International Security, any of the following events:

a. the actual or proposed cessation of quotation or cancellation of any Reference Share (whether by reason of delisting, removal from quotation, suspension or otherwise) including without limitation the announcement of any proposed compulsory acquisition of Reference Shares (or any analogous event);

b. the insolvency of the Reference Company;

c. the actual or proposed delisting, withdrawal of admission to trading status of the Exchange Traded International Securities (expect in the case where that withdrawal or suspension is caused by RBS) and/or a Reference Share;

d. a material limitation of the ability of RBS to comply with the ASX Operating Rules (except in the case where that material limitation is caused by RBS);

e. an Adjustment Event; or

f. an Exchange Traded International Security ceasing to be an “Approved Financial Product” (as that term is defined in the ASX Settlement Operating Rules), but only to the extent that RBS has nominated the event as an Extraordinary Event under clause 10 of the Terms.

“GST” has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

“Guarantee” means, in relation to each Series, the Guarantee described in Part 1 of the PDS for that Series.

“Guarantor” means, in relation to each Series, the entity set out in Part 1 of the PDS for that Series.

“Hedge Position” means any purchase, sale, entry into, or maintenance of one or more financial products by RBS or any affiliate of RBS in order to hedge any of RBS’s obligations under these Terms.

“Holder” means in relation to an Exchange Traded International Security, the person named in the Register as the Holder of that Exchange Traded International Security.

“Income Amount” means, in respect of an ordinary dividend or distribution payable in respect of a Reference Share, an amount equal to that ordinary dividend or distribution, less any withholding tax (or similar tax) which is or would be payable by a person in the position of RBS receiving such a dividend or distribution.

“Listing Date” means, in relation to a Series of Exchange Traded International Securities, the date on which such Series commences quotation on the ASX.

“Market Disruption Event” means, in respect of an Exchange Traded International Security:

a. the occurrence or existence on any trading day during the one hour period that ends at the official close of trading on the Relevant Exchange or any Related Exchange of any suspension or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

i. the Reference Shares on the Relevant Exchange or any Related Exchange; or

ii. any financial products relating to the Reference Share on any Related Exchange, if, in the reasonable determination of the Calculation Agent, such suspension or limitation is material; or

b. a general moratorium is declared in respect of banking activities in the country in which a Relevant Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption...
Event if it results from an announced change in the regular business hours of the Relevant Exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Relevant Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

“Maximum Issue Size” means, in relation to each Series, the number of Exchange Traded International Securities set out in Part 1 of the PDS or, if the ASX on the application of RBS made after the date of the PDS admits further Exchange Traded International Securities for that Series to trading status on the ASX, the number of Exchange Traded International Securities for that Series set out in Part 1 of the PDS plus the additional number of Exchange Traded International Securities for that Series admitted to trading status after the date of this PDS.

“Minimum Subscription” means, in relation to each Series, the number of Exchange Traded International Securities set out in Part 1 of the PDS for that Series.

“New Guarantee” means the guarantee provided by the New Guarantor, on the same terms as the Guarantee except as provided in Part 1 of this PDS.

“New Guarantor” means the entity appointed by RBS to provide the New Guarantee and which:

a. is a related body corporate of the Guarantor or RBS;

b. is incorporated in, or otherwise has a registered office or address for service in, Australia;

c. has a credit rating equal to or better than the Guarantor’s credit rating on the date of the New Guarantee; and

d. is considered by the ASX to be an entity which satisfies paragraph 10.2.1(4)(f) of Schedule 10 to the ASX Operating Rules.

“Nominee” means RBS Nominees (Australia) Pty Limited ABN 35 094 599 989.

“Nominee Deed” means the nominee deed entered into by RBS and the Nominee, as described in section 6.12.

“Nominee Securities” means the securities held on trust for Holders under the Nominee Deed, being one ordinary share in the capital of BHP Billiton Limited, or any substitute security from time to time, in each case as adjusted in accordance with the Nominee Deed.

“PDS” or “Product Disclosure Statement” means this product disclosure statement.

“Placement Fee” means the fee which forms part of the Application Price as set out in PDS Part 1.

“Price Source” means the source of the price of the Reference Share for an Exchange Traded International Security, as set out in the Summary Table of Part 1 of the PDS.

“Purchase Price” means, in relation to an Exchange Traded International Security purchased in secondary trading on the ASX, the amount paid to purchase that Exchange Traded International Security.

“RBS” means RBS Group (Australia) Pty Limited (ABN 78 000 862 797 AFSL: 247013).

“RBS Equities” means RBS Equities (Australia) Limited (ABN 84 002 768 701), with its registered office at RBS Tower, Level 22, 88 Phillip Street, Sydney, New South Wales, 2000.

“RBS Group” means RBS, RBS Equities and each of their respective related bodies corporate.

“Record Date” means, in respect of an Income Amount, the date which is the record date (or equivalent date, howsoever described) for the corresponding ordinary dividend or distribution declared by the Reference Company in respect of the Reference Share.

“Reference Company” means, in relation to a Series of Exchange Traded International Securities, the entity listed in the summary table in Part 1 of the PDS.

“Reference Share” means, in respect of an Exchange Traded International Security, the security set out in the summary table in Part 1 of this PDS.

“Register” means the Register of Holders keep and maintained under clause 17 of the Terms.

“Registrar” means any person RBS may appoint, from time to time, to maintain the Register.

“Related Exchange” means any exchange or quotation system other than the Relevant Exchange on which the Reference Share, or derivative contracts relating to the Reference Share, are traded.

“Relevant Exchange” means, in respect of an Exchange Traded International Security and the Reference Share for that Exchange Traded International Security, the exchange or quotation system specified as such in the summary table in Part 1 of this PDS, or any successor to such exchange or quotation system.

“Rolling Date” means, in relation to each Series, each date set out in Part 1 of the PDS for that Series. For more information on the action you can take prior to the Closing Time on a Rolling Date, see section 2.12 of this PDS. If no Rolling Date is specified in Part 1 of this PDS for a particular Series of Exchange Traded International Securities, there are no Rolling Dates for that Series and you should disregard any references to a “Rolling Date” in this PDS and the Terms.

“Rollover” means, in relation to an Exchange Traded International Security, the replacement of an Exchange Traded International Security of an existing Series with an Exchange Traded International Security in a new Series that relates to the same Reference Share as provided for in clause 7.5(c) of the Terms.

“Series” means each series of Exchange Traded International Securities issued by RBS from time to time.

“Settlement Currency” means Australian Dollars unless otherwise specified in the Summary Table of Part 1 of the PDS.

“Settlement Exchange Rate” means the rate of foreign exchange between the currency of the Reference Share and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at the relevant time;

“Termination Amount” means, in respect of an Exchange Traded International Security which has terminated, the amount determined by the Calculation Agent (acting in a commercially reasonable manner) as the value of an Exchange Traded International Security on the date of that termination (which may be zero), taking into account (amongst other things) the volatility of the price or value of

“Termination Amount” means, in respect of an Exchange Traded International Security which has terminated, the amount determined by the Calculation Agent (acting in a commercially reasonable manner) as the value of an Exchange Traded International Security on the date of that termination (which may be zero), taking into account (amongst other things) the volatility of the price or value of
the Reference Share, the level of interest rates, the time remaining until the Expiry Date, the future expected dividends or distributions of the relevant Reference Share (if any) and the value of, and any losses or costs incurred by RBS in connection with, any Hedge Positions held by RBS or any other RBS Group entity in relation to the Exchange Traded International Security and less Expenses.

“Terms” means the terms of issue of the Exchange Traded International Securities set out in section 10 of this PDS as amended from time to time and the application form for the issue of the Exchange Traded International Securities.

“Transfer Tax” means, in respect of Exercise of Exchange Traded International Securities, any stamp duty, goods and services tax, transaction tax or any other similar governmental tax or charge, payable on, as a consequence of, or in connection with, the Exercise of the Exchange Traded International Securities.
10. Terms of issue

The Terms form part of this PDS.

1.1 Unless the context otherwise requires, in these Terms:

a. a reference to any legislation or legislative provisions includes any statutory modification or re-enactment of, or legislative provisions substituted for, and any subordinate legislation issued under, that legislation or legislative provision;

b. the singular includes the plural and vice versa;

c. a reference to any individual or person includes a corporation, partnership, joint venture associations, authority, trust, government and governmental authority and vice versa;

d. a reference to a gender includes all genders;

e. a reference to a clause is to a clause of these Terms;

f. a reference to any agreement or document (including, without limitation, these Terms, the ASX Operating Rules and the ASX Settlement Operating Rules) is to that agreement or document (and, if applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;

g. a reference to “Dollar”, “cents”, “A$” and “$” is a reference to Australian currency;

h. if any expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;

i. a reference to a date or time is to that date or time in Sydney; and

j. expressions appearing in the Terms which are not otherwise defined in the Terms and which are defined in the Corporations Act have the meaning given to them in the Corporations Act.

1.2 Headings are for convenience only and do not affect interpretation.

1.3 To the extent of any inconsistency between these Terms and the ASX Operating Rules or the ASX Settlement Operating Rules, the ASX Operating Rules and the ASX Settlement Operating Rules will prevail.

2. Form and title

2.1 The Exchange Traded International Securities will be transferable in accordance with the applicable law and the rules and procedures governing CHESS and the ASX Settlement Operating Rules.

2.2 RBS will not issue a certificate evidencing the Holder's title to Exchange Traded International Securities. RBS will instead comply with the ASX Settlement Operating Rules.

3. Status

3.1 The Exchange Traded International Securities and RBS's obligations under these Terms constitute unsecured and unsubordinated obligations of RBS and rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of RBS save for those preferred by mandatory provisions of law.

4. Nature of the Exchange Traded International Securities

4.1 In return for the Holder paying the Application Price in respect of an Exchange Traded International Security to RBS and subject to the Terms RBS agrees to grant the Exchange Traded International Security to the applicant.

4.2 Each Exchange Traded International Security confers on the Holder:

a. the right, but not the obligation, to give RBS an Exercise Notice during each Exercise Period; and

b. a Beneficial Interest in the Nominee Securities.

4.3 Subject to clause 4.6, an Exchange Traded International Security does not confer any right or interest in respect of Accretions to Reference Shares.

4.4 An Exchange Traded International Security does not confer any right to or interest in any Reference Share unless and until the contract described in clause 7.5 arises.

4.5 The Holder irrevocably agrees to be bound by the terms of the Nominee Deed.

4.6 RBS must pay the Income Amount corresponding to an ordinary dividend or distribution (as determined by RBS, acting reasonably) paid in respect of a Reference Share to the bank account advised by the Registrar in respect of the person registered as the Holder on the Record Date, within ten Business Days of the payment of the relevant ordinary dividend or distribution.

4.7 The Holder irrevocably authorises RBS to deduct the Dividend Fee and any applicable GST from the Income Amount.
5. Transfer of Exchange Traded International Securities

5.1 An Exchange Traded International Security may be transferred if, and only if, the transfer is in the manner prescribed by or under the ASX Operating Rules and the ASX Settlement Operating Rules.

5.2 The transferor of the Exchange Traded International Security will be regarded as remaining the owner of the Exchange Traded International Security the subject of the transfer, until the name of the transferee is entered in the Register as the Holder in respect of the Exchange Traded International Security.

5.3 On registration of the transfer of the Exchange Traded International Security, the transferee will be recognised as entitled to the Exchange Traded International Security free from any equity, set off or cross-claim of RBS against the transferor.

5.4 Any person becoming entitled to the Exchange Traded International Security in consequence of the death, unsoundness of mind or bankruptcy of any Holder, upon producing such evidence as RBS reasonably requires that the person holds the office in respect of which it is proposed to act or as to title as successor to the Holder, may transfer the Exchange Traded International Security.

6. Registration of transfer of Exchange Traded International Securities

6.1 RBS:
   a. must deal with, certify and register a transfer of an Exchange Traded International Security which complies with clause 5 in accordance with the ASX Operating Rules and the ASX Settlement Operating Rules; and
   b. may refuse to register such a transfer in any of the circumstances if such refusal is permitted by, and in accordance with any procedures prescribed by, the ASX Operating Rules and the ASX Settlement Operating Rules.

6.2 No fee will be charged for the registration of a transfer.

7. Exercise of Exchange Traded International Securities

7.1 An Exchange Traded International Security may only be Exercised by giving a validly completed Exercise Notice.

7.2 Subject to clause 7.4, an Exercise Notice is effective, if and only if:
   a. it relates to all (and not some only ) of the Exchange Traded International Securities in a Series registered to that Holder;
   b. it elects to settle the contract under clause 7.5 by:
      i. receiving the Reference Shares;
      ii. receiving the Cash Amount; or
      iii. (in the case of an Exercise Notice given in the final Exercise Period and only if available) choosing to Rollover into a new Series of Exchange Traded International Securities;
   c. it is given by the Holder or a person who is entitled to be registered as the Holder;
   d. in the case of an Exercise Notice given by a person not registered as the Holder, it states that the person giving the Notice claims to be entitled to be registered as the Holder;
   e. the relevant Exchange Traded International Securities Exercised have not terminated under clause 8 by the time that the Notice is given;
   f. it certifies that the Holder is a person who is in Australia or a person who would not cause RBS to be in breach of the securities laws of any country other than Australia if the Exchange Traded International Securities are offered, issued or transferred to that person;
   g. if the Exercise Notice elects to receive Reference Shares, the Exercise Notice contains acceptable account details enabling RBS to deliver the relevant Reference Shares;
   h. the Exercise Notice is complete and accurate in all particulars; and
   i. it is accompanied by either payment of any applicable Expenses, with such payment being received in cleared funds by RBS within five Business days after the Rolling Date or the Expiry Date (as applicable), or the Exercise Notice authorises RBS to procure the sale of sufficient Reference Shares to pay any Expenses (this authority to procure the sale of Reference Shares to pay Expenses will be deemed to have been given by the Holder if RBS does not receive payment of any applicable Expenses in cleared funds by RBS within five Business Days after the Rolling Date or the Expiry Date (as applicable)).

7.3 An Exercise Notice given to RBS cannot be revoked.

7.4 If more than one Exercise Notice which complies with the requirements of clause 7.2 is given in respect of an Exchange Traded International Security, RBS will determine which Exercise Notice is to be taken to be the effective Exercise Notice for the purpose of these Terms. This will be the Exercise Notice which RBS reasonably believes was given by person who was entitled to be the registered as Holder of those Exchange Traded International Securities as at the relevant Closing Time.

7.5 Subject to clause 7.6, if an effective Exercise Notice is given in respect of Exchange Traded International Securities then as at the relevant Closing Time a contract arises under which RBS is obliged to deliver the Reference Shares to the Holder. This contract can be settled in the following ways:
   a. in respect of an Exchange Traded International Security where the Holder has elected to receive the Reference Shares, RBS transferring the relevant Reference Shares to the Holder, free from any security or third party interest or restriction on transfer;
   b. in respect of an Exchange Traded International Security where the Holder has elected to receive a Cash Amount, RBS transferring the Cash Amount for that Exchange Traded International Securities to the Holder; and
   c. in respect of an Exchange Traded International Security where the Holder has elected to Rollover, RBS issuing to the Holder an Exchange Traded International Security in the relevant new Series of Exchange Traded International Securities;
8. Termination of Exchange Traded International Security

8.1 An Exchange Traded International Security automatically terminates on the earliest of the following:
   a. Extraordinary Event – if there is an Extraordinary Event, with that termination taking effect on and from the date nominated by RBS (with the consent of the ASX);
   b. termination for Non-Exercise – if a valid Exercise Notice is not given in respect of the Exchange Traded International Security before the Closing Time on the Expiry Date, with that termination taking effect at that Closing Time;
   c. termination for Exercise - If the Exchange Traded International Security is validly Exercised, with termination taking effect upon the date RBS complies with its obligations under clause 7.5; and
   d. liquidated Damages – If the Holder gives RBS notice under clause 11.

8.2 If an Exchange Traded International Security terminates under clause 8.1(a), then RBS must, within ten Business Days after the date of that termination, send to the Holder a cheque in favour of the Holder for the Closing Time on the Expiry Date, with that termination taking effect at that Closing Time;

8.3 If an Exchange Traded International Security terminates under clause 8.1(b), then RBS must pay to the Holder the Cash Amount.

8.4 If an Exchange Traded International Security terminates under clause 8.1(c), then the provisions of clause 7 apply.

8.5 If an Exchange Traded International Security terminates under clause 8.1(d), then the provisions of clause 11 apply.

8.6 When an Exchange Traded International Security terminates, it is automatically and permanently cancelled and all rights and obligations created by or in respect of it are terminated except:
   a. as specified in clauses 8.2 to 8.5; and
   b. for any other rights a party may have arising out of a breach of the Terms by the other party.

9. Adjustments – discretion of RBS

If RBS determines with the consent of the ASX that an Adjustment Event has occurred in respect of an Exchange Traded International Security, then RBS may with the prior consent of the ASX, make an adjustment to any of the following factors in respect of that Exchange Traded International Security:
   a. Settlement Exchange Rate;
   b. description of the Exchange Traded International Security;
   c. Reference Shares to which the Exchange Traded International Security is linked;
   d. any Rolling Date (if applicable) or the Expiry Date;
   e. any of the other factors relevant to the Exchange Traded International Security referred to in the PDS; or
   f. any variable, formula, amount, calculation (including without limitation the timing of making any calculations) or term as set out or used in these Terms or otherwise in connection with the Reference Share or Exchange Traded International Security, provided that, in the reasonable opinion of RBS, the adjustment is fair, equitable and appropriate to put both RBS and the Holder in a economic position that is as similar as possible to the economic position the Holder and RBS would have been in, had the Adjustment Event not occurred.

10. Nomination of Extraordinary Event

10.1 RBS may, with the consent of the ASX, nominate an Extraordinary Event in respect of an Exchange Traded International Security.

10.2 If RBS has nominated an event under clause 10.1 and the Exchange Traded International Security has not yet terminated under clause 8.1(a), RBS may, with the consent of the ASX, withdraw that nomination at any time.

11. Payments By RBS – failure to perform

11.1 If RBS fails to perform its obligations under clause 7.5(a), then a Holder may give a notice to RBS stating that it requires that the provisions of this clause 11 to apply.

11.2 If a notice is given under clause 11.1 in relation to Exchange Traded International Securities, then RBS must, within ten Business Days after the date on which it receives the notice, pay to the Holders the amount calculated in accordance with the following formula:

\[ A = 1.1 \times S \]

where

A = the amount of money to be paid per Exchange Traded International Security under this clause 11; and

11.3 The Holder and RBS acknowledge to each other that the amount of damages calculated under this clause 11 is a genuine pre-estimate of the loss that the Holder would suffer from the failure of RBS to perform its obligations under clause 7.5(a), and that on the Holder giving notice under clause 11 to RBS, RBS is relieved of its obligations under clause 7.5(a) and its only obligation is to make the payment required by clause 11.2.

11.4 If a Holder does not give a notice under clause 11.1, nothing in this clause 11 derogates from a Holder’s right to pursue whatever other legal rights they may have.

12. Notices required to be given by RBS

12.1 RBS must give notice to each Holder:

a. of the nomination of an Extraordinary Event under clause 10.1 and the date on which termination pursuant to clause 8.1(a) occurs within ten Business Days after the date such nomination is made; and
b. of any withdrawal of a nomination of an Extraordinary Event made under clause 10.2, as soon as possible.

12.2 RBS must give notice to each Holder if there is a variation in any feature of an Exchange Traded International Security under these Terms as soon as practicable.

12.3 RBS must, if so required by the ASX Operating Rules, give notice to each Holder at the time required by the ASX Operating Rules of the Exercise of any of the discretions conferred on it by these Terms.

12.4 If a person gives an Exercise Notice that is not effective, or if the contract arising in respect of that Exercise Notice pursuant to clause 7.5 is terminated (as applicable), then RBS must give a notice to that effect accompanied by the purported Exercise Notice and return all documents and cheques which accompanied it to the person who gave that Exercise Notice.

12.5 Except if otherwise provided by these Terms notices required or permitted to be given by RBS to the Holder or the Registrar pursuant to these Terms must be in writing and are treated as being duly given if:

a. left at that party’s address; or
b. sent by pre-paid mail to that party’s address (which must be by airmail if that address is not within Australia).

12.6 The timing of the notice, or any failure to give a notice, does not affect the timing or fact of any nomination of an event.

12.7 A notice given by RBS in accordance with clause 12.2 or 12.5 above is treated as having been duly given and received:

a. when delivered (in the case of it being left at that party’s address); and
b. on the third Business Day after posting (in the case of it being sent by pre-paid mail).

12.8 The address of the Holder is the address of the Holder shown in the Register.

12.9 If more than one person is entered in the Register as the Holder of any Exchange Traded International Security, a notice given to any of those persons is effective as notice to all of those persons.

13. Notices by Holder

13.1 All notices required or permitted to be given by the Holder to RBS pursuant to these Terms or otherwise in respect of the Exchange Traded International Security must be in writing and are treated as being duly given if, and only if, they are actually received by RBS at the office or at such other address as RBS specifies by notice to the Holder.

14. Payment day

14.1 If the date for payment of any amount in respect of the Exchange Traded International Securities is not a Business Day, the Holder shall not be entitled to payment until the following Business Day, and shall not be entitled to any interest or other payment in respect of such delay.

15. Terms

15.1 RBS must keep available for inspection at the office a copy of these Terms (incorporating any changes) and the Holder and any other person who has the same right to inspect these Terms in respect of the Register.

15.2 RBS may, from time to time, by notice sent to the Holder, make any change to these Terms with the consent of ASX if:

a. the change is necessary in the reasonable opinion of RBS to comply with any statutory or other requirements of law or a requirement of the ASX;

b. to rectify any defect, manifest error or ambiguity contained in these Terms and does not materially prejudice the interests of the Holders;

c. to permit transfers by a method other than as set out in these Terms;

d. in the circumstances contemplated under clause 29; or

e. where, in the reasonable opinion of RBS, the change does not materially prejudice the interests of the Holders.

15.3 RBS must notify the ASX of any change to these Terms made under clause 15.2.

16. Amendment by resolution

16.1 These Terms may also be amended by a resolution of Holders.

16.2 If an amendment to these Terms is proposed to be made by way of resolution, RBS must give notice to all Holders in writing of a proposed amendment to the Terms, together with a ballot paper.

16.3 Subject to clause 16.6, each Holder will be entitled to vote on any resolution.

16.4 Ballot papers must be returned to RBS by Holders no later than 20 Business Days of the date of the notice.

16.5 Each Holder is entitled to one vote for each Exchange Traded International Security held.

16.6 Votes cast by RBS or its associates will be disregarded.

16.7 A resolution is duly passed if 75% or more of the votes cast are in favour of the amendment.
16.8 RBS’s auditor will determine the relationship of all ballot papers and complete a total of all of the votes cast on valid ballot papers during the voting period.

16.9 These Terms may also be amended if:
   a. RBS gives notice to all Holders in writing of the proposed amendment(s); and
   b. all Holders consent in writing to the amendment(s).

17. Register

17.1 In respect of each Series of Exchange Traded International Securities, RBS must keep and maintain (at its cost) a Register of the Holders in accordance with this clause 17 and the requirements of the ASX Operating Rules and the ASX Settlement Operating Rules.

17.2 The property in the Exchange Traded International Security is situated at the place the part of the Register on which the Exchange Traded International Security is for the time being registered is situated.

17.3 Except as otherwise provided in these Terms, RBS must recognise the Holder as the absolute owner of the Exchange Traded International Security and all persons may act accordingly.

17.4 Except as otherwise provided in these Terms or as ordered by a court of competent jurisdiction, or as required by law, RBS is not bound to take notice of any trust or equity affecting the ownership of the Exchange Traded International Security or the rights incident to the Exchange Traded International Security and the receipt of the Holder in respect of the Exchange Traded International Security and any monies payable in respect of the Exchange Traded International Security, is a good discharge to RBS. Except as required by law, no notice of any Trust (express, implied, resulting or constructive) will be entered in the Register.

17.5 There must not be more than three joint Holders of the Exchange Traded International Security except in the case of the legal personal representatives of a deceased Holder.

17.6 If there are joint Holders of any Exchange Traded International Security, and one of those joint Holders dies, the survivor(s) will be the only person recognised by RBS as having any title to or interest in the Exchange Traded International Security.

17.7 The legal personal representative of a deceased Holder (not being one of several joint Holders) is the only person recognised by RBS as having any title to the Holder’s Exchange Traded International Security.

18. Transfer Tax

18.1 RBS must, on request from a Holder on a Business Day, specify to the Holder the amount of the Transfer Tax, the relevant number of Exchange Traded International Securities Exercised on that Business Day and give the Holder a unique identifying number for quotation in relation to that specification.

18.2 If an Exercise Notice in respect of the number of Exchange Traded International Securities for which the amount of Transfer Tax was sought by the Holder as contemplated by clause 18.1:
   a. is received by RBS within five Business Days after the date on which the Transfer Tax identifying number is given to the Holder; and
   b. specifies the Transfer Tax identifying number given to the Holder for the Exchange Traded International Securities, then the amount of the Transfer Tax for the purposes of the Exercise of those Exchange Traded International Securities is the amount so specified by RBS to the Holder at the time the Holder is given the Transfer Tax identifying number.

19. Miscellaneous

19.1 Each Holder acknowledges that in no event will RBS or the Guarantor or any New Guarantor have any liability for indirect, incidental or consequential damages for RBS’s failure to perform its obligations under the Terms.

19.2 In the absence of gross negligence or wilful misconduct on its part, neither RBS or the Calculation Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount.

19.3 In no circumstances (including without limitation, the lapse of an Exchange Traded International Security) will RBS be under an obligation to refund the Application Price to the original Holder or to pay the Application Price (or any Purchase Price) to any Holder. The Application Price vests absolutely, unconditionally and irrevocably in RBS upon receipt by it or RBS Equities.

19.4 In these Terms:
   a. all calculations will be done to no fewer than three decimal places and all payments made to the nearest whole cent;
   b. no rounding of numbers will occur until a Holder Exercises an Exchange Traded International Security and at that time the entitlement attaching to all Exchange Traded International Securities of that Holder the subject of Exercise will be aggregated and that aggregate will be rounded so that all money amounts are rounded to the nearest whole cent and all numbers of Reference Shares are rounded to the nearest whole number so that any fraction being a value of 0.5 or more is rounded up and all other fractions are rounded down.

19.5 All monetary obligations imposed on the Holder under these Terms are:
   a. absolute; and
   b. free of any right to counterclaim or set-off, and may only be satisfied once the payment has cleared.

19.6 RBS may:
   a. set-off any amount payable to it by the Holder against any amount payable by RBS to the Holder; and
   b. withhold any amount payable by it to the Holder and withhold delivery of Reference Shares in satisfaction of any amount payable to it by the Holder.

20. Waiver

20.1 The failure, delay, relaxation or indulgence on the part of RBS in exercising any power or right conferred upon RBS by these Terms does not operate as a waiver of that power or right
nor does any single exercise of any power or right preclude any other or further exercise of it, or the exercise of any other power or right, under these Terms.

21. Telephone recording

21.1 The Holder agrees:

a. to the tape recording by RBS, RBS Equities or their Agents of any telephone conversations concerning the Exchange Traded International Security;

b. to the retention of any tape recording so made; and

c. to the use of any tape recording so made as evidence of the content of the conversation.

22. Discretions

22.1 The Holder may not give any direction to RBS concerning the Exchange Traded International Securities, even if the Exchange Traded International Security is Exercised, concerning the exercise by RBS of any other discretion relating to the Reference Shares, or any discretion conferred on RBS by these Terms.

23. Governing law

23.1 The Exchange Traded International Security is governed by and construed in accordance with the laws in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales and any court hearing appeals from those courts.

24. No merger

24.1 RBS's rights under these Terms are additional to and do not merge with or affect and are not affected by any mortgage, charge or other encumbrance held by RBS or any other obligation of the Holder to RBS, despite any rule of law or equity or any other statutory provision to the contrary.

25. Power of attorney

25.1 The Holder irrevocably appoints RBS and its nominees and any of their directors, secretaries and managers from time to time jointly and severally as attorney of the Holder to do (either in the name of the Holder or the attorney) all acts and things that the Holder is obliged to do under these Terms or which, in the opinion of RBS, are necessary or desirable in connection with the Exchange Traded International Security or the protection of RBS's interests or the exercise of the rights, powers and remedies of RBS, including without limitation the authority to sell the Reference Shares on behalf of the Holder.

26. Buy-back by RBS

26.1 RBS may buy-back an Exchange Traded International Security, and itself or a nominee become the Holder of the Exchange Traded International Security. This will not cancel, merge, terminate or otherwise affect the Exchange Traded International Security.

26.2 An Exchange Traded International Security bought back by RBS may be cancelled or resold at any time prior to the Expiry Date. Until an Exchange Traded International Security is cancelled, RBS has a right to resell the Exchange Traded International Security in the market by way of a secondary sale. If RBS is the Holder of an Exchange Traded International Security, it may cancel the Exchange Traded International Security. An Exchange Traded International Security is cancelled on receipt by the Registrar of a notice of cancellation from RBS.

27. Time is of the essence

27.1 Time is of the essence in respect of the obligations of the Holder under these Terms.

28. Novation, assignment, sub-participation, severability, and New Guarantee

28.1 Where the PDS provides for a Guarantor to give a Guarantee in relation to a Series, RBS must procure that at all times until the Expiry Date, subject to clause 28.2, the Guarantee is provided to holders of Exchange Traded International Securities in that Series.

28.2 At any time prior to the Expiry Date, RBS may determine, in a commercially reasonable manner, to procure the provision to Holders of a New Guarantee by a New Guarantor, provided that any New Guarantee may only be provided to Holders on the following basis:

a. the New Guarantor must be incorporated in, or otherwise have a registered office or address for service in, Australia and be a related body corporate of the Guarantor or RBS;

b. the New Guarantor's credit rating must be equal to or better than the Guarantor's credit rating on the date of the New Guarantee;

c. the terms of any New Guarantee must be the same as the terms of the Guarantee, except to the extent permitted by the PDS; and

d. the New Guarantor must be considered by the ASX to be an entity which satisfies paragraph 10.2.1(4)(f) of Schedule 10 to the ASX Operating Rules.

28.3 The Holder will be notified by RBS of any proposed execution of a New Guarantee and the identity of any New Guarantor no later than 10 Business Days prior to the date of execution of the New Guarantee and will be provided with a copy of the New Guarantee within 10 Business Days of RBS' receipt of a request for a copy.

28.4 On and from the provision by a New Guarantor of a New Guarantee in favour of a Holder, the Holder:

a. undertakes not to sue or bring any claim under the Guarantee against the Guarantor including claims arising before, on or after the date of the New Guarantee; and

b. undertakes to only sue or bring claims under the New Guarantee against the New Guarantor.

28.5 The Holder may not novate, assign or sub-participate any of its rights or obligations under these Terms or in connection with the Exchange Traded International Securities without the prior written consent of RBS.

28.6 Any provision of these Terms which is prohibited or unenforceable in any jurisdiction is ineffective in that jurisdiction to the extent of the prohibition or unenforceability.
29. Personal Property Securities Act

29.1 The Holder agrees to do anything that RBS may reasonably require to:
   a. give full effect to these Terms and the transactions contemplated by them;
   b. better secure all property in which RBS has a security interest in a manner consistent with these Terms; or
   c. assist in the execution or exercise of any power,
      including execute any transfer (including any transfer in blank) or other document, obtain any consent, give any notice or supply any information to RBS.

29.2 Without limiting clause 29.1, the Holder agrees that RBS may make such amendments to these Terms, and may do such other things, as RBS may require from time to time (whether before or after the registration commencement time) to:
   a. ensure that each security interest given by the Holder in favour of RBS is a first-ranking perfected security interest over all PPS property;
   b. ensure that each security interest is:
      i. continuously perfected; and/or
      ii. perfected by control; and/or
      iii. perfected in a way that will reduce as far as reasonably possible the risk of a third party acquiring an interest in any PPS property free of the security interest, to the extent possible under the PPS Act;
   c. enable RBS to apply for any registration, or give any demand or notification, under the PPS Act in connection with the security interest; and
   d. otherwise protect RBS’ position as secured party in respect of each security interest created under these Terms in the context of the PPS Act,
      from the point in time immediately before the registration commencement time or any later time as RBS may decide.

29.3 RBS may, at the Holder’s cost, do anything which the Holder should have done under these Terms if the Holder does not do so promptly or, if in RBS’ opinion, the Holder does not do so properly including:
   a. apply for any registration or give any demand or notification, in connection with any security interest created under these Terms;
   b. complete and lodge any financing statement, financing change statement or amendment demand, in each case as may be reasonably necessary to perfect, maintain or achieve RBS’ first priority security interest in the PPS property.

29.4 RBS is not required to give any notice under the PPS Act (including a notice of a verification statement) unless the notice is required by the PPS Act and the obligation to give the notice cannot be excluded.

29.5 In this clause 29:
   a. PPS Act means the Personal Property Securities Act 2009 (Cth);
   b. PPS property means all property over which the Holder is capable under the PPS Act of granting a security interest; and
   c. terms (including any reference to “security interest”) have the meanings given to them in the PPS Act.

Definition of “U.S. person

For purposes of the applicable prohibitions against ownership and transfer of the rights to any Self Funding Installments or Underlying Entities’ Shares, the term “U.S. Person” means a person that (a) qualifies as (i) a “U.S. Person” as defined under Regulations S promulgated under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and (ii) a “U.S. Person” as defined under the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and the U.S. Treasury Regulations promulgated thereunder and (b) does not fall within the definition of a “Non-United States Person” under the U.S. Commodity Exchange Act. Each of such terms is defined below.

a. Regulation S Definition of U.S. Person

1. “U.S. Person” means:
   i. any natural person resident in the United States;
   ii. any partnership or corporation organized or incorporated under the laws of the United States;
   iii. any estate of which any executor or administrator is a U.S. person;
   iv. any trust of which any trustee is a U.S. person;
   v. any agency or branch of a foreign entity located in the United States;
   vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
   vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
   viii. any partnership or corporation if:
      A. organized or incorporated under the laws of any foreign jurisdiction; and
      B. formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States shall not be deemed a “U.S. person.”

3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a U.S. person shall not be deemed a U.S. person if:
i. an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and

ii. the estate is governed by foreign law.

4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a U.S. person shall not be deemed a U.S. person if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person.

5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. person.

6. Notwithstanding (1) above, any agency or branch of a U.S. person located outside the United States shall not be deemed a “U.S. Person” if:

i. the agency or branch operates for valid business reasons; and

ii. the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed “U.S. Persons.”

b. Under the Code and the U.S. Treasury Regulations promulgated thereunder, a “U.S. Person” is defined as:

1. An individual who is a U.S. citizen or a U.S. “resident alien.” Currently, the term “resident alien” is defined to generally include an individual who (i) holds a Permanent Residence Card (a “green card”) issued by the U.S. Immigration and Naturalization Service or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any current calendar year if (i) an individual is present in the U.S. on at least 31 days during such year and (ii) the sum of the number of days on which such individual is present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.

2. A corporation or partnership created or organized in the United States or under the law of the United States or any state.

3. A trust where (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust or (ii) a valid election is in effect for the trust to be treated as a U.S. Person.

4. An estate that is subject to U.S. tax on its worldwide income from all sources.

c. Under the U.S. Commodity Exchange Act, a “Non-United States Person” is defined as:

1. a natural person who is not a resident of the United States;

2. a partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;

3. an estate or trust, the income of which is not subject to United States income tax regardless of source;

4. an entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States Persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States Persons; and

5. a pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

For purposes of the foregoing, the term “United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia. Persons requiring details regarding other terms used in the foregoing definition (such as “accredited investor”) should contact RBS.
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