

Notification of the Ring-fencing Transfer Scheme



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Notification of Ring-fencing changes

On 30 September 2016, The Royal Bank of Scotland Group plc announced the expected changes to the legal entity structure of the RBS Group to comply with the UK ring-fencing legislation prior to 1 January 2019. Ring-fencing requires the separation of everyday banking services from investment banking services from 1 January 2019. In order to be compliant with its requirements, we need to reorganise the way the RBS Group is structured.

What's happening?

The Royal Bank of Scotland plc (“**RBS plc**”), Adam & Company plc (“**Adam plc**”) and National Westminster Bank Plc (“**NatWest**”) propose to use a Ring-fencing Transfer Scheme (“**RFTS**”) to transfer certain businesses of RBS plc to Adam plc or NatWest. This is subject to, amongst other things, regulatory approvals and the approval of the Court.

The RFTS will transfer (i) most of the existing personal, private, business and commercial customers of RBS plc to Adam plc, our Scottish registered private bank; and (ii) certain advisory products and a covered bond programme to NatWest (together the “**Transferring Business**”). On the same day as this transfer happens, Adam plc will be renamed “The Royal Bank of Scotland plc”. The ‘current’ RBS plc will then be renamed “NatWest Markets Plc”.

This booklet provides further information about how the RFTS will work, when it is expected to take effect and where you can find more information.

How does this impact you?

Our aim is to minimise the impact of these changes on our customers and other interested persons.

You are receiving this booklet because we believe that all or part of your banking relationship with RBS plc will transfer to Adam plc if the Court approves the RFTS.

Until the RFTS takes effect, most customers will not see any change. When the RFTS takes effect, customers transferring to Adam plc will see a change to the Companies House and Financial Services Register details on our communications as Adam plc will be renamed “The Royal Bank of Scotland plc”, as mentioned above. There’s nothing you need to do as a result of the RFTS.

What is...?

Court	The Court of Session in Edinburgh
PRA	Prudential Regulation Authority
RFTS	a Court approved “ring-fencing transfer scheme” under Part VII of the Financial Services and Markets Act 2000
Skilled Person	the independent person approved by the PRA to write a report on the RFTS


How can I find out more about the RFTS?

RBS plc, Adam plc and NatWest have presented a joint petition to the Court for approval of the RFTS. A notice will be published in the London, Edinburgh and Belfast Gazettes. The notice will also be published in The Scotsman, the Daily Record, the Daily Mail (Scottish and English editions), The Sun (Scottish and English editions) and the Financial Times (UK and international editions). An announcement has also been made on the London Stock Exchange. These notices are also available on our website at www.rbs.com/ring-fencing

✳️ Copies of documents setting out the full terms of the Scheme, the report of the Skilled Person relating to the Scheme and a summary of the report, are available, free of charge, on request from RBS plc at 36 St Andrew Square, Edinburgh, EH2 2YB . These are also available on our website at www.rbs.com/ring-fencing

A supplementary report by the Skilled Person may be published before the final Court hearing and, if so, will be available, free of charge, on request from RBS plc at 36 St Andrew Square, Edinburgh, EH2 2YB or on our website at www.rbs.com/ring-fencing

When will the RFTS become effective?

 The preliminary Court hearing was held on 21 November 2017 and the final Court hearing to consider approving the RFTS is expected to be held on 22 March 2018. If the Court approves the RFTS, we expect it will take effect on 30 April 2018 (the “**Effective Time**”). Any change to the date of the final Court hearing or the Effective Time will be announced on our website at www.rbs.com/ring-fencing



Notification of Ring-fencing changes

What will be the immediate impact of the RFTS?

Until the Effective Time, the Transferring Business, including accounts and contractual arrangements, will remain with RBS plc. At the Effective Time or shortly after it, the Transferring Business will be transferred to Adam plc or NatWest. We will provide a further update to you if, and when, all or part of your banking relationship transfers to Adam plc under the RFTS.

It is expected that, as part of the RFTS, amendments will be made to the terms of certain agreements to give effect to the RFTS. These amendments are summarised in this booklet.

Changes to transferring agreements

From the Effective Time, Adam plc will be the entity providing your banking product and “we”, “us” and “our” (and any references to RBS plc, whether as Lender, Bank, Account Bank or other party) in your existing documentation should be read as references to Adam plc as the entity which provides the banking product.

However, RBS plc terms and conditions will continue to apply to banking products that have transferred to Adam plc from RBS plc, unless we tell you otherwise in accordance with the existing terms and conditions.

Adam plc terms and conditions will continue to apply to existing Adam plc banking products and services.

Financial Services Compensation Scheme protection

The information in this section will only be relevant to you if you have deposits with both Adam plc and RBS plc.

If the Court approves the RFTS, deposits held at Adam plc and RBS plc will be within the same regulated bank. If you have deposits with both Adam plc and RBS plc today, your deposits are currently covered separately in each bank by the FSCS. The FSCS compensates you if your UK authorised financial provider stops trading or becomes insolvent.

After the RFTS, these deposits will be held with the same bank and will be covered by a single FSCS protection of one bank. If you are impacted in this way and lose FSCS protection, you can withdraw affected balances up to three months after the Effective Time. We can help you find a suitable alternative account.

Any questions?

You can find more information about the FSCS at www.fscs.org.uk



If you would like to know more or have any questions, please visit our website at www.rbs.com/ring-fencing





Changes that only apply to certain types of transferring banking products and non-transferring banking products

Trade finance counter indemnities

RBS plc issues trade finance instruments as part of its trade finance business. You may have agreed to indemnify RBS plc against claims under a trade finance instrument issued by RBS plc to third parties (a “**Counter Indemnity Agreement**”).

Where a Counter Indemnity Agreement relates both to trade finance instruments which are transferring to Adam plc and trade finance instruments which are remaining with RBS plc, it will transfer to Adam plc under the RFTS. However, the Counter Indemnity Agreement will be amended by the RFTS, so that RBS plc will continue to be a party (and will have the right to recover under the Counter Indemnity Agreement) to the extent it relates to trade finance instruments which are remaining with RBS plc. In addition, where a Counter Indemnity Agreement transfers to Adam plc under the RFTS but relates only to trade finance instruments which may remain with RBS plc for a period of time, RBS plc will still have the right to recover under the indemnity.

🔗 See paragraph 20 of the Scheme Document for more information.

Government schemes

RBS plc is a party to a number of schemes where a government offers RBS plc access to funding to encourage lower rates when lending. Where these government schemes support (or relate to) customer arrangements which are transferring to Adam plc and customer arrangements which are remaining with RBS plc, the agreement with the relevant government will transfer to Adam plc under the RFTS. However, the government scheme will also be amended by the RFTS so that RBS plc will continue to be a party to the extent the scheme supports (or relates to) customer arrangements which are remaining with RBS plc.

🔗 See paragraph 21 of the Scheme Document for more information.

Shared security

Where a customer has provided security, which secures liabilities which will transfer to Adam plc under the RFTS and also liabilities which will remain with RBS plc, the security will be shared by Adam plc and RBS plc after the Effective Time. Under the RFTS, Adam plc will be appointed to act as security trustee for all the shared security and will hold that security all on trust for, and on behalf of, RBS plc for the payment or discharge of the relevant liabilities remaining with RBS plc. To assist this sharing of security, amendments will be made by the RFTS to related customer documents.

🔗 See paragraph 22 of the Scheme Document for more information.

Stapled arrangements

RBS plc is a party to certain arrangements which are so interlinked that they are said to be “stapled” (for example (a) loans and hedges or (b) loans and accounts). With effect from the Effective Time, these arrangements will be amended by the RFTS so that Adam plc will be party to these arrangements to the extent they relate to agreements which are transferring to Adam plc (for example, as lender or account bank), and RBS plc will remain a party to the extent they relate to agreements which are remaining with RBS plc (for example, as hedging bank or lender).

✳️ See paragraph 23 of the Scheme Document for more information.

Disapplication of netting and set-off rights

The RFTS will amend transferring and non-transferring agreements to which RBS plc is a party which include any rights of a customer to offset amounts owed to Adam plc, NatWest, Coutts & Company or other subsidiaries of NatWest Holdings Limited against amounts owed to that customer by RBS plc. The effect of these amendments will be that such customer rights will no longer apply from 1 January 2019. If your arrangements with RBS plc are affected by this change and you would like to discuss this further with us, please contact your RBS Relationship Manager.

This amendment will not affect the exercise of any rights to offset any amounts owing to Adam plc, NatWest, Coutts & Company and other subsidiaries of NatWest Holdings Limited against amounts owed by any subsidiaries of NatWest Holdings Limited.

✳️ See paragraph 25 of the Scheme Document for more information.

Impact on Litigation Counterparties

The Scheme will also transfer to Adam plc or NatWest litigation and court proceedings in England and Scotland relating to the Transferring Business (the “**Proceedings**”). The Proceedings will be transferred irrespective of whether RBS plc is a respondent or a claimant in the Proceedings.

If you are a party to any Proceedings, with effect from the Effective Time, the other party to the Proceedings will become Adam plc or NatWest (as applicable).



Any questions?

If you would like to know more or have any questions, please visit our website at www.rbs.com/ring-fencing



What happens next

What happens if the Court does not approve the RFTS?

We will contact you after the final Court hearing has taken place.

You can keep up to date on developments on our website at www.rbs.com/ring-fencing

What happens if I have other agreements with the RBS Group?

You may have been, or may be, contacted by us separately in relation to changes to other agreements you have with the RBS group. If so, the impact of the RFTS on those specific products or services, along with the action you need to take, will be explained to you as part of that communication. Please note this is separate from the RFTS summarised in this booklet. If you are impacted by these separate changes then, until such time as they become effective, the daily operation and support for your business continues unaffected and you may continue to deal, and conduct business, with your local RBS teams as at present.

Ways to make your views known to the Court

If you think you would be adversely affected by the carrying out of the RFTS, you have two alternative ways of making sure the Court considers your views:

1. Lodging formal objections with the Court

You have the right to lodge formal written objections (known as Answers) with the Court. If you wish to lodge Answers, you should seek independent legal advice. Answers are a formal Court document which must comply with the rules of the Court and are normally prepared by Scottish legal counsel. Answers must be lodged with the Court at Parliament House, Parliament Square, Edinburgh EH1 1RQ, within 42 days of the publication of the last of the notices relating to the RFTS, which is expected to be on or around 27 November 2017. The deadline for lodging Answers is 8 January 2018. In addition, Answers must be accompanied by a fee to the Court.

2. In writing or in person

The Court will also consider any other informal objections to the RFTS which are made in writing or in person at the hearing to consider approving the RFTS.

If you wish to object in writing or in person at that hearing, you need to send a written statement of your views to **all** of the following:

- a) the Court at the above address;
- b) RBS plc at 36 St Andrew Square, Edinburgh, EH2 2YB; and
- c) the Prudential Regulation Authority at The Royal Bank of Scotland, Prudential Regulation Authority, Bank of England, Threadneedle Street, London EC2R 8AH.



If you wish to object, you need to do this by 23 February 2018 in order to ensure the Court will consider your objection at the hearing to consider approving the RFTS. No fee is payable to the Court for objecting in this way.

The Court may also consider any objections made in writing or in person at the hearing to consider approving the RFTS, although it may not do so if you have not followed the process for objecting described above.

We will contact you after that Court hearing has taken place to update you.



Stay safe from fraud

At a time when changes are happening in the banking industry, it's good to familiarise yourself with how you can protect yourself from fraud.

Handy hints and tips to help protect yourself:

- Beware of calls out of the blue claiming to be from your bank
- Remember, we will not call or email you asking for your personal information, account details or PIN for your bank or credit card
- If you receive a call asking for this information, end the call immediately
- It is best to call your bank back using the number on your card or bank statement
- For those customers who deal with invoices or business to business payments, if someone calls asking you to change an account number and sort code or change an existing payment template on payments you make, make sure you confirm their identity before you make any changes.

Find out more ways to protect yourself from banking and online account scams at:

www.fca.org.uk/consumers/banking-online-account-scams



If you would like to know more or have any questions about Ring-fencing, please visit our website at www.rbs.com/ring-fencing

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Our main business is banking and financial services. We will provide you with banking services in accordance with the terms which apply to your account. We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. We are entered on the Financial Services Register and our registration number is 121878. Calls may be recorded.

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