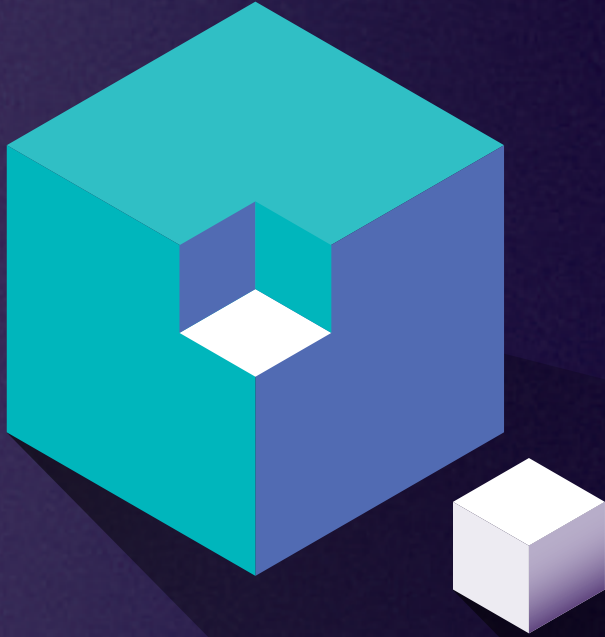


# Notification of the Banking Business Transfer Scheme



**NatWest**  
Markets



## Notification of the Banking Business Transfer Scheme

We're using a legal scheme called a "Banking Business Transfer Scheme" under Part VII of the Financial Services and Markets Act 2000 (the "**Scheme**") to replicate master documentation and transfer some existing transactions from NatWest Markets Plc to NatWest Markets N.V., an authorised credit institution in the Netherlands. We need the approval of the Court of Session in Scotland ("**The Court**") before the Scheme is effective.

This booklet is intended for NatWest Markets Plc customers based in the European Economic Area (other than the UK) ("**EEA Customers**") and explains how the Scheme works, when it is expected to take effect, what it means for you and how you can make your views about the Scheme known to the Court.



If you still have questions or concerns after reading this booklet and visiting our website, please speak to your usual contact within NatWest Markets or email us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

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### What is...?

<b>Court</b>	The Court of Session in Scotland
<b>PRA</b>	Prudential Regulation Authority
<b>DNB</b>	De Nederlandsche Bank (the Dutch central bank)
<b>Scheme</b>	a Court-approved “Banking Business Transfer Scheme” under Part VII of the Financial Services and Markets Act 2000

# Part A – Overview of the Banking Business Transfer Scheme


## 1. Why is NatWest Markets doing a Banking Business Transfer Scheme?

The UK is due to leave the European Union on 29 March 2019 (“**Brexit**”). At the moment, NatWest Markets Plc uses EU passporting rights to carry out business in countries that are part of the European Single Market<sup>1</sup>. When the UK leaves the EU, NatWest Markets Plc won’t have those rights anymore – unless they are included as part of transition arrangements or the UK and EU come to another arrangement to maintain access to the European Single Market.

Ahead of the UK leaving the EU, we’ll begin serving customers who are incorporated or located in the EEA (other than the UK) from NatWest Markets N.V., an authorised credit institution based in the Netherlands.

To do this, we need to have contracts in place between EEA Customers and NatWest Markets N.V. Therefore, we’re using a legal scheme called a “Banking Business Transfer Scheme” under Part VII of the Financial Services and Markets Act 2000 (the “**Scheme**”). Once approved by the Court of Session in Scotland (the “**Court**”), the Scheme will replicate master documentation and transfer a portion of the business of NatWest Markets Plc relating to EEA Customers to NatWest Markets N.V.

With the political negotiations continuing to evolve, we’ll keep you informed along the way as we get more clarity on Brexit and whether this impacts our plan and the Scheme.

 If you have any questions at all, please email our Brexit team at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

## 2. How does this impact you?

You are receiving this booklet because you are an EEA Customer of NatWest Markets Plc and we plan to replicate your master documentation with NatWest Markets N.V., and, for some customers, transfer certain existing transactions to NatWest Markets N.V. under the Scheme.

This booklet explains how the Scheme works, when it is expected to take effect, what it means for you and how you can make your views about the Scheme known to the Court.

We will contact you again to let you know if the Scheme is approved and, accordingly, when your relationship will transfer to NatWest Markets N.V.

Until the Scheme takes effect, you will not see any changes to your relationship with NatWest Markets Plc. When the Scheme takes effect, you may need to make some changes to your internal processes in order to enter into new transactions with NatWest Markets N.V. as outlined in Part E of this booklet.

<sup>1</sup>Current EU passporting is provided from NatWest Markets Plc in the UK. The EU passporting regulations apply to countries across the EEA – which includes not just the EU, but also Iceland, Liechtenstein and Norway.

### 3. What is the Scheme and how will it be implemented?

The Scheme will replicate the agreements you have with NatWest Markets Plc so that you have equivalent agreements with NatWest Markets N.V., and will also transfer certain transactions to NatWest Markets N.V. (together, the “**Transferring Business**”). The Scheme is subject to, amongst other things, regulatory approvals (including the approval of the Dutch central bank, De Nederlandsche Bank or DNB) and the approval of the Court.

The Scheme has been designed in two phases to provide flexibility so we can be responsive to any political changes.

**Phase 1:** When Phase 1 of the Scheme takes effect, your agreements with NatWest Markets Plc will be replicated with NatWest Markets N.V. so that, if required, you will be able to enter into new transactions with NatWest Markets N.V. after Brexit.


**Phase 2:** During Phase 2 of the Scheme, certain existing transactions that some customers have with NatWest Markets Plc will be transferred to NatWest Markets N.V. Phase 2 of the Scheme is designed to take advantage of any transitional period or other possible outcomes of the Brexit negotiations. We will have advised you in the letter sent to you after the preliminary hearing if you have transactions that are proposed to be transferred to NatWest Markets N.V. in Phase 2. Please see question 4 for more detail on the timing of Phase 2.

### 4. What are the key dates for the Scheme and when will it become effective?

The first Court hearing was held on 6 December 2018 and the sanctions Court hearing to consider approving the Scheme is expected to be held on 22 February 2019.

If the Court approves the Scheme, we expect Phase 1 of the Scheme will take effect on 28 February 2019 (the “**Phase 1 Effective Time**”) so that you can enter into new transactions with NatWest Markets N.V. from 4 March 2019 if required. We will let you know in writing if the Scheme is approved after the sanctions Court hearing and confirm the Phase 1 Effective Time, which is when your master documentation will be replicated with NatWest Markets N.V.

Phase 2 of the Scheme (if applicable to you) will become effective on 4 March 2019 unless we advise of a different and later date between 4 March and 31 December 2019 as a result of political or other developments (the “**Relevant Phase 2 Effective Time**”). If you have transactions that are proposed to be transferred in Phase 2, we will confirm the Phase 2 Effective Time as either 4 March 2019 or a later date, in the letter we send to you after the sanctions Court hearing.


 Any change to the date of the sanctions Court hearing, or to the effective times, will also be announced on our website at [natwestmarkets.com/brexit](https://natwestmarkets.com/brexit).

## 5. How can I find out more about the Scheme?

There are a number of resources available to you to understand the Scheme.


Now that NatWest Markets Plc and NatWest Markets N.V. have presented a petition to the Court for approval of the Scheme, notices are to be published in the London, Edinburgh and Belfast Gazettes, The Scotsman and the Financial Times (UK and international editions). An announcement has also been made on the London Stock Exchange.

A document setting out the full terms of the Scheme (the “**Scheme Document**”) and a summary of the principal terms of the Scheme (the “**Scheme Summary**”) are both available, free of charge, on request from 250 Bishopsgate, London EC2M 4AA. These are also available on our website at [natwestmarkets.com/brexit](http://natwestmarkets.com/brexit).

 If you still have questions or concerns after reading this booklet and visiting our website, please speak to your usual contact at NatWest Markets or email us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

## 6. If my master documentation is replicated under the Scheme, when will I begin trading with NatWest Markets N.V.?

Under our current Brexit timeline, we will begin processing transactions with EEA Customers through NatWest Markets N.V. rather than NatWest Markets Plc from 4 March 2019. The exceptions to this are non-Retail customers located in Luxembourg, and some Republic of Ireland customers<sup>2</sup>, as we expect to be able to continue serving these customers from NatWest Markets Plc after the UK leaves the EU. For customers in the Republic of Ireland, the letter you have received from us details which entity we propose to serve you from and the relevant timeline.

 If there is any change to this date as a result of political developments, we will let you know. If you have any questions about this or would like to discuss this, please contact us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

<sup>2</sup>This clarification on the future relationship with Republic of Ireland customers was omitted in error in the printed version of this booklet sent to customers by post. The relevant customers have been informed of this correction.



# Part B – Information on NatWest Markets N.V.

## 7. What is the regulatory and legal structure of NatWest Markets N.V.?

NatWest Markets N.V. is a bank incorporated in the Netherlands. It is based in Amsterdam and will have branches in Dublin, Frankfurt, Madrid, Milan, Paris and Stockholm. It is regulated and authorised by the DNB, under the legislation in force in the Netherlands, as a credit institution in the Netherlands with passporting rights enabling it to provide financial services to the European Single Market.

As a credit institution, NatWest Markets N.V. is subject to the EU-wide capital and liquidity requirements applicable to a bank (NatWest Markets Plc is currently also subject to the same requirements). NatWest Markets N.V. is currently an indirect subsidiary of The Royal Bank of Scotland Group plc and a member of the RBS group of companies (the “**RBS Group**”).

You can find out more about NatWest Markets N.V., including its current credit and counterparty ratings and financial profile, by visiting [natwestmarkets.com/brexit](https://natwestmarkets.com/brexit).

## 8. What regulatory authorisation does NatWest Markets N.V. hold?

NatWest Markets N.V. is authorised by the Dutch central bank, De Nederlandsche Bank (DNB); and regulated by both the DNB and the Netherlands Authority for the Financial Markets (AFM) as a credit institution under The Capital Requirements Directive IV (CRD IV), with permission to provide MiFID investment services, lending and deposit-taking activity.


## 9. Will there be any changes to client services?

NatWest Markets N.V. will provide the same products and services as NatWest Markets Plc offers today. If there are any changes to the way you should communicate with us and your usual contact, we will let you know in due course.

## 10. What is the credit rating of NatWest Markets N.V.?

The Transferring Business and any new business entered into with NatWest Markets N.V. will be with an entity with a different balance sheet composition from that of NatWest Markets Plc.

While NatWest Markets N.V. will have a smaller balance sheet than NatWest Markets Plc today, NatWest Markets N.V. is a well-capitalised entity with strong levels of loss absorbency. NatWest Markets N.V. plans to maintain similar profiles for capital and balance sheet metrics as are being targeted by other NatWest Markets legal entities.

 The current credit ratings for NatWest Markets N.V. are available on our website at [natwestmarkets.com/brexit](https://natwestmarkets.com/brexit).

# Part C – The Scheme and the impact on your transactions

## 11. What will be the impact of the Scheme?

At the Phase 1 Effective Time, master agreements and terms of business (along with related ancillary documents) that govern NatWest Markets Plc's overall trading relationships with you will be replicated with NatWest Markets N.V. This will enable you to maintain a trading relationship with NatWest Markets Plc under the existing trading agreements (if there is a transitional period or agreement on financial services between the UK and the EU or its member states) as well as establish a new trading relationship with NatWest Markets N.V. under the replicated agreements.

This replication does not apply to certain master agreements that are subject to collateral arrangements under which the counterparty is to post a specified 'Independent Amount', which will replicate under the Scheme at the Relevant Phase 2 Effective Time; or master agreements entered into in connection with structured finance transactions, which will be addressed outside the Scheme as necessary.

If your transactions are due to be transferred in Phase 2, any transactions that you have with NatWest Markets Plc that form part of the Transferring Business will remain with NatWest Markets Plc until the Relevant Phase 2 Effective Time. Thereafter, such transactions will be transferred to NatWest Markets N.V. As noted in question 4 the "**Relevant Phase 2 Effective Time**" will be 4 March 2019 unless we advise you of a different and later effective time in the letter we send to you after the sanctions Court hearing.

While the Scheme is transferring certain transactions from NatWest Markets Plc to NatWest Markets N.V., other transactions may be transferred outside of the Scheme, for example, certain transactions with Corporate customers, Sovereign customers and some of our larger EEA Customers<sup>3</sup>. We will contact you separately if you have transactions in scope to move to NatWest Markets N.V. outside of the Scheme.

While we are taking measures to ensure that we comply with all applicable laws and regulations, it is possible that after the Scheme is effective, NatWest Markets Plc or NatWest Markets N.V. would be unable to undertake certain transactions or arrangements under their respective permissions. If that is the case before 31 December 2019, NatWest Markets Plc and NatWest Markets N.V. may agree, under the Scheme, to transfer those transactions between them, or to replicate those arrangements, in order to comply with applicable laws and regulations. Any agreement must be notified to the counterparties under the transactions and arrangements to which it applies. We will contact you if this affects any of your transactions and arrangements.

<sup>3</sup>**Please Note:** For regulatory reasons, Corporate and Sovereign customers located in Sweden will transfer under the Scheme.

Amendments will be made to the terms of certain agreements as part of the Scheme and for regulatory and legal reasons in the Netherlands. For more information on these amendments, please see questions 23 and 24.



**See paragraph 6 of the Scheme Document for more information on replicated and transferring arrangements under the Scheme – this can be found at [natwestmarkets.com/brexit](https://natwestmarkets.com/brexit).**

## **12. Will there be any changes to products or pricing?**

We are not planning any changes to payments, products or pricing (noting some products may be affected by live market fluctuations).

## **13. Does the Scheme impact netting arrangements?**

There are two types of netting:

- (i) payment netting allows the parties to net amounts payable, and receivable, on the same day and in the same currency either in respect of the same transaction or two or more transactions; and
- (ii) close-out netting is the process of calculating and netting the termination values of transactions following an event of default, or termination event, to produce a single amount payable between the parties, and this applies with respect to all transactions governed by, for example, an ISDA Master Agreement.

If, following the Phase 1 Effective Time, you choose to enter into transactions with NatWest Markets N.V. under a master trading agreement (for example, the replicated ISDA Master Agreement) and at the same time you have existing transactions with NatWest Markets Plc under another master trading agreement (for example, the original ISDA Master Agreement), you will not have the benefit of payment and close-out netting in respect of both sets of transactions as they will not be governed by the same master trading agreement.

This only impacts customers who, following the Phase 1 Effective Time, execute any transactions with NatWest Markets N.V. and also have live trades with NatWest Markets Plc.

In addition, if you have collateral agreements that support trading under a master trading agreement and, as described above, you choose to enter into transactions with NatWest Markets N.V. under a master trading agreement while at the same time having existing transactions with NatWest Markets Plc under another master trading agreement, you could potentially lose the benefit of netting in relation to your collateral arrangements. This means that, depending upon mark-to-market values, you may be required to maintain more collateral in aggregate with NatWest Markets Plc and NatWest Markets N.V. than you would have had to maintain if you had traded with only one of these entities. You will also be required to manage independent collateral settlements with respect to both arrangements.

#### **14. Will the Scheme trigger any lifecycle events for the transactions being transferred?**


Transfer under the Scheme should not trigger lifecycle events in most jurisdictions, however if you have concerns you may wish to consider seeking independent legal advice.

#### **15. Will the Scheme trigger termination rights under any ISDA Master Agreements?**

ISDA Master Agreements typically contain termination rights, which are triggered if one of the parties merges with, or transfers its business to, another entity (known as 'Merger Without Assumption' or 'Credit Event Upon Merger').

In accordance with the provisions of the Financial Services and Markets Act 2000, rights which become exercisable as a consequence of the Scheme are not enforceable unless the Court directs that they are to remain applicable. In the case of our Scheme, the order granted by the Court to sanction the Scheme and bringing the Scheme into effect, will preserve relevant termination rights. This means that counterparties to ISDA Master Agreements are able to enforce these termination rights in the event that they are triggered.

If, within an ISDA Master Agreement, 'Automatic Early Termination' provisions are specified as applicable in respect of a party to that agreement, all transactions under that agreement would automatically terminate if certain bankruptcy events occurred in respect of that party. This is useful if the insolvency laws applicable to the relevant party would otherwise prohibit termination of transactions by notice after the occurrence of the insolvency event. However, this approach may cause practical disadvantages such as adversely impacting the bargaining power of the non-defaulting creditor vis-à-vis other creditors. Therefore, Automatic Early Termination will not be specified as applicable in respect of NatWest Markets N.V.

 If you have any questions on termination rights under your master agreements, please contact us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

#### **16. How do I terminate existing live derivative transactions or transfer them to a third party?**

If you think you would be adversely affected as a result of the Scheme and do not wish for your products to transfer to NatWest Markets N.V., you may want to terminate some or all of your derivative transactions at market value. You may also want to novate some or all of your derivative transactions to a third party. In the event that you want to do so, please contact us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com) for further information.

#### **17. How do I terminate a master trading agreement with no live derivative transactions?**

If you do not have any live transactions under any master trading agreements in place with NatWest Markets Plc as at the date you receive this booklet and do not anticipate entering into any new derivative transactions with NatWest Markets (Plc or N.V.) going forward, please email [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com) for help with terminating your derivatives master agreement.

## **18. Will the implementation of the Scheme have any accounting implications?**

The transfer may have implications for the regulatory and accounting treatment of any transactions that transfer from NatWest Markets Plc to NatWest Markets N.V. For example, the transfer of a derivative from NatWest Markets Plc to NatWest Markets N.V. may be treated as a termination of the existing derivative transaction and the entry into a new transaction for accounting purposes. You may wish to consider any accounting implications, with regard to your accounting policies, such as those related to hedge accounting and Credit Valuation Adjustment (CVA).

## **19. Will the implementation of the Scheme have any tax implications?**

You should note that, as a consequence of the Scheme, your product(s) will be provided by NatWest Markets N.V. (a company that is resident for tax purposes in the Netherlands) rather than by NatWest Markets Plc (a company that is resident for tax purposes in the United Kingdom). In addition, you should note that the Scheme will also result in a transfer of any collateral held by NatWest Markets Plc to NatWest Markets N.V.

In view of the number of different jurisdictions where tax laws may apply to a customer, this booklet does not discuss the tax consequences for customers arising from the Scheme. If you are in any doubt as to your tax position or your tax reporting requirements, please consult your professional advisers regarding any possible tax consequences of the Scheme under the laws of the jurisdiction that apply to you.

# Part D – Contractual impact and litigation

## 20. Will there be any changes to depositor protection cover?

### How will the proposed transfer impact my protection under statutory protection schemes?

Both the UK and the Netherlands are currently subject to, and implement, the EU Deposit Guarantee Scheme Directive 2014/48/EU. Certain EEA Customers who have deposits with NatWest Markets Plc may benefit from protection under the UK Financial Services Compensation Scheme (the “**UK FSCS**”). From the date of replication of contractual documentation with NatWest Markets N.V. (the Phase 1 Effective Time), eligible EEA Customers who enter into any transaction with NatWest Markets N.V. will be provided with protection under the Dutch Deposit Guarantee Scheme (the “**Dutch DGS**”). Cover under the UK FSCS will also continue for any eligible deposits held by NatWest Markets Plc.

Given that the UK FSCS and the Dutch DGS implement the same EU requirements, the protections for customers are broadly the same. Key differences include:

- The level of protection under the Dutch DGS is €100,000; and £85,000 under the UK FSCS.
- Currently, the UK FSCS will aim to pay compensation in the majority of cases within seven days of a bank failing (or 20 days in more complex cases), whereas, as at the Phase 1 Effective Time, the Dutch DGS will be required to pay compensation within 15 working days (reducing to 10 working days from 31 December 2020).
- Under the UK FSCS there is temporary deposit protection of up to £1million for up to 6 months above the £85,000 limit for certain types of deposits classified as temporary high balances, such as the proceeds from private property sales. The Dutch DGS provides similar protection of up to €600,000 (where the deposit relates to a homeowner’s first/primary property) for up to 3 months above the €100,000 limit.
- Upon an insolvency, there is a slight difference to the ranking of eligible depositors under the UK FSCS by comparison to the Dutch DGS: in the Netherlands the Dutch tax authorities are given preferential status (see question 21 for further details).

While the Dutch DGS will be operated by the DNB in the Netherlands, it is expected that the DNB will communicate with customers of NatWest Markets N.V. in English.

### When will my protection cease to be covered by the UK FSCS?

From the Relevant Phase 2 Effective Time, eligible EEA Customers with eligible transferring deposits that are moving from NatWest Markets Plc to NatWest Markets N.V. will cease to be covered by the UK FSCS with respect to those transferring deposits and will be covered under the Dutch DGS.

## 21. Will there be any changes to the creditor hierarchy upon insolvency?

There are minor differences between the position of depositors in the UK and Dutch creditor hierarchies. The key difference between the two regimes is the preferential status of the Dutch tax authorities. This means that the Dutch tax authorities (in respect of most tax liabilities of NatWest Markets N.V.) will be paid ahead of depositors of NatWest Markets N.V. whereas in the UK creditor hierarchy, the UK tax authorities do not have the same preferential status. Given that NatWest Markets N.V. does not charge VAT on the majority of its products (as financial services are typically VAT exempt), the impact of the preferential status of Dutch tax authorities is expected to be more limited than it would otherwise be upon an insolvency of a business.

## 22. How will shared security be treated as a result of the Scheme?

Where you have provided security which secures some or all of your liabilities to NatWest Markets Plc, including any derivative transactions entered into by you from time to time, the security will be shared by NatWest Markets N.V. and NatWest Markets Plc after the Phase 1 Effective Time. This would include any new derivative transactions entered into after the Phase 1 Effective Time.

Under the Scheme, NatWest Markets Plc will be appointed to act as security trustee for all the shared security (except where another member of the RBS Group is currently the security trustee). As security trustee, NatWest Markets Plc will hold that security on trust for NatWest Markets N.V. for the payment or discharge of the relevant liabilities owed to NatWest Markets N.V. or NatWest Markets Plc. To assist this sharing of security, limited amendments will be made by the Scheme to related documents.



**See paragraph 23 of the Scheme Document for more information – this can be found at [natwestmarkets.com/brexit](https://natwestmarkets.com/brexit).**

## 23. How will transferring agreements be amended as a result of the Scheme?

### Roles and legal entities

From the Phase 1 Effective Time, NatWest Markets N.V. (rather than NatWest Markets Plc) will be a party to any replicated master trading agreements. From the Relevant Phase 2 Effective Time, NatWest Markets N.V. will be the entity providing your products within the Transferring Business and future product requirements will be fulfilled by NatWest Markets N.V. Any references to “we”, “us” and “our” and to NatWest Markets Plc, whether as “Hedging Bank”, “Hedge Counterparty”, “Calculation Agent”, “Valuation Agent”, “Party A”/“Party B” (as applicable), or “Bank” or any other term with a substantially similar meaning in the context of the Transferring Business in your existing documentation, should be read as references to NatWest Markets N.V. as the entity which provides the relevant derivative transaction(s).

Other amendments may also be necessary, including updating references to regulators and legal entity disclosures, such as replacing NatWest Markets Plc's company and banking licence numbers with the equivalent details for NatWest Markets N.V.

However, the terms (including rates and fees) of the existing contractual arrangements will continue to apply to any transactions that have transferred to NatWest Markets N.V. from NatWest Markets Plc, unless we tell you otherwise in accordance with the existing contractual terms.

### **Appointment of Silent Administrator**

In line with market practice in the Netherlands, each master trading agreement with NatWest Markets N.V. will be amended to include a provision that the appointment of a 'Silent Administrator' in accordance with the Netherlands Financial Supervision Act will not constitute a bankruptcy event of default in respect of NatWest Markets N.V.

Silent Administrators are appointed by the DNB to certain financial institutions undergoing financial difficulty. While such an appointment will not constitute an event of default under an ISDA Master Agreement, due to this amendment, Silent Administrators do not, in any event, have broad powers to restructure banks and are only appointed whilst a bank is continuing as a going concern.

### **The EU Bank Recovery and Resolution Directive (BRRD)**

The BRRD establishes a framework to deal with the failure (or likely failure) of certain EU incorporated banks and certain investment firms. This framework was created by the EU Member States after the global economic crisis, and requires local law implementation by each European Member State. This has been implemented in the Netherlands under the Dutch Financial Supervision Act.

One of the legal requirements of the BRRD will be for NatWest Markets N.V. to insert a new clause in some contracts written under English law. This new clause requires contractual recognition of bail-in powers by counterparties in contracts governed by non-EEA law (which may be the case for English law contracts after 29 March 2019). The purpose of this clause is to ensure equality of treatment between creditors who are party to contracts governed by the law of an EU Member State (where the court would recognise bail-in, including the UK whilst it remains an EU Member State) and those under other contracts.

The impact of the new clause will be that, in the very unlikely event of NatWest Markets N.V. experiencing severe financial stress, the DNB (rather than the Bank of England as is currently the case) would have the power to cancel, write down or modify the form of certain liabilities (including deposits) owed to customers of NatWest Markets N.V., known as the "bail-in power".

For deposits held by NatWest Markets N.V., the bail-in power may only be exercised over certain deposits. In the Netherlands, compensation under Dutch deposit guarantee schemes will provide depositor protection cover up to €100,000 for certain depositors.



It should also be noted that there are broad safeguards protecting creditors in a bail-in. There is also a principle of “no creditor worse off” to ensure that shareholders and creditors do not receive less favourable treatment than they would have received in an insolvency situation. If you have any further questions about the BRRD, please contact us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

#### **24. Will existing terms of business be amended as a result of the Scheme?**

Further updates will be required to the terms and conditions of certain products as a result of the Scheme. These changes include updating the statutory reference to Dutch law where required, changes to the basis on which entities in the RBS Group will provide products and changes to provisions relating to the treatment of custody assets to reflect the structure that is applicable in the Netherlands. Any changes will be communicated to you in writing in due course.

#### **25. What is the impact of the Scheme on legal opinions?**

If your master agreements with NatWest Markets Plc and the transactions thereunder are the subject of a legal opinion, you should seek independent legal advice to confirm whether transactions transferring under the Scheme will continue to be covered by the relevant legal opinion, and if any further steps are necessary.

#### **26. How will the Scheme affect existing claims?**

The Scheme will transfer legal proceedings (the “**Proceedings**”) in connection with the Transferring Business to NatWest Markets N.V. This includes, in particular, litigation.

The Proceedings will be transferred to NatWest Markets N.V. irrespective of whether NatWest Markets N.V. is a respondent or a claimant in the Proceedings.

Legal proceedings (including litigation) which do not relate to the Transferring Business will remain with NatWest Markets Plc, together with any proceedings before an ombudsman, regulator or government body.

#### **27. How will the Scheme affect future claims?**

The Scheme will not make any changes to the governing law, or jurisdiction clauses, in contractual arrangements. Customer agreements governed by English law will be amended as a result of the Scheme, so that NatWest Markets Plc will be appointed as NatWest Markets N.V.’s agent for the services of process. This means that future claimants can continue to serve notice of proceedings on NatWest Markets Plc in the UK.

In addition, other than the change of legal entity outlined above, NatWest Markets’ claims handling process is not expected to change.

#### **28. What happens if I have other agreements with the RBS Group?**

Your relationship with members of the RBS Group other than NatWest Markets N.V. and NatWest Markets Plc will remain unchanged as a result of the Scheme.

# Part E – Operational information to support the transfer to NatWest Markets N.V.

## **29. Will I need to make changes to payment details?**

In order to transact with NatWest Markets N.V., you will need to make amendments to existing Standard Settlement Instructions (SSIs). We will contact you in advance of the Scheme becoming effective to confirm the changes you need to make.

## **30. What other additional steps will I need to take?**

You may need to take additional steps, for example, to on-board NatWest Markets N.V. as a counterparty. Information you may require from us to do this is available from [natwestmarkets.com/brexit](https://natwestmarkets.com/brexit). Please speak to your usual contact to discuss any additional information you may require.

When the Scheme takes effect, you may need to update operational processes such as updating SSIs and configuring third party venue execution and clearing to face NatWest Markets N.V. You may also need to re-book any transactions that have been transferred to NatWest Markets N.V. on the day of the Relevant Phase 2 Effective Time.

While ‘know your customer’ information from NatWest Markets Plc will be carried across to NatWest Markets N.V., there may be additional requirements that need to be met to enable new transactions to be entered into with NatWest Markets N.V. We will contact you to discuss the information required if applicable.

Certain additional steps may need to be taken where arrangements are transferred to NatWest Markets N.V. outside of the Scheme, for example, where contractual arrangements with NatWest Markets Plc are governed by the laws of a jurisdiction that does not recognise the Scheme or in cases of related arrangements with third parties. We will contact you separately if additional steps are required.

## **31. Will clearing take place through the same Central Counterparty Clearing House (CCP)?**

NatWest Markets N.V. intends to have access to the same clearing infrastructure as is used by NatWest Markets Plc today. If NatWest Markets N.V. is not permitted to clear through UK CCPs after Brexit due to a lack of recognition by EU authorities, we will seek to facilitate clearing through EU CCPs as an alternative as far as possible.

# Part F – Ways to make your views about the Scheme known to the Court

## **32. How can I make my views about the Scheme known to the Court?**

If you think you would be adversely affected by the carrying out of the Scheme, you have two ways of bringing your views to the attention of the Court:

### **1. In writing or in person to the Court**

The Court is likely to consider any objections to the Scheme, which are made in writing, or in person, to the Court at any time prior to or at the Court hearing to sanction the Scheme. Any objections made in writing to the Court should be sent to the Court of Session, Parliament House, Parliament Square, Edinburgh EH1 1RQ. No fee is payable for making such objections.

### **2. 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 of Session at Parliament House, Parliament Square, Edinburgh EH1 1RQ, by 25 January 2019. In addition, Answers must be accompanied by payment of a fee to the Court.

## **Contact us**

If you still have questions or concerns after reading this booklet and visiting our website, please speak to your usual contact or email us at [brexit@natwestmarkets.com](mailto:brexit@natwestmarkets.com).

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