

IN THE COURT OF SESSION
SCOTLAND

P499/18

SCHEME

for the transfer to NatWest Markets Plc from National Westminster Bank Plc of the customer derivatives business of National Westminster Bank Plc pursuant to Part VII of the Financial Services and Markets Act 2000

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PART A – INTRODUCTION

1 Proposed Scheme

- 1.1** The Transferor carries on the business of providing banking and related financial services to personal, private and business customers, as well as commercial banking services to a range of small and medium-sized enterprises. This business includes the Transferring Business.
- 1.2** It is proposed that the Transferring Business (including the Transferring Assets and the Transferring Liabilities) be transferred from the Transferor to the Transferee by way of a ring-fencing transfer scheme under Part VII of FSMA.
- 1.3** It is also proposed that the transfer of the Transferring Business (including the Transferring Assets and the Transferring Liabilities) should take effect at the Effective Time or, where applicable, on a Subsequent Transfer Date, in accordance with the terms of this Scheme.

2 Eligibility

- 2.1** The Transferor is an authorised person in the UK, within the meaning of FSMA, and has permission, pursuant to Part 4A of FSMA, to carry on, and carries on, *inter alia*, the Transferring Business.
- 2.2** The Transferee is an authorised person in the UK, within the meaning of FSMA, and has permission, pursuant to Part 4A of FSMA, to carry on the Transferring Business once transferred pursuant to this Scheme.
- 2.3** The Scheme is a ring-fencing transfer scheme as it is to be made for the purpose set out in s.106B(3)(a) of FSMA and will not be an “excluded scheme” for the purposes of FSMA.

3 Application and Submission

The Transferor and the Transferee have each agreed to:

- (i) appear by counsel on the hearing of the application to sanction this Scheme and to consent thereto; and
- (ii) submit to the jurisdiction of the Court for all purposes connected with this Scheme.

4 Previous Schemes

The terms and conditions of certain of the Assets and Liabilities which are the subject of this Scheme were amended by the First RFTS, and those terms and conditions shall therefore be read as so amended.

5 Interpretation

The definitions and principles of interpretation which are set out in Part F (*Interpretation*) shall apply in this Scheme.

PART B – THE TRANSFER AND VESTING

6 Transfer of the Transferring Business

6.1 The Transferring Business (including the Transferring Assets and the Transferring Liabilities) shall be transferred to, and vested in, the Transferee in accordance with, and subject to, the terms of this Scheme.

6.2 With effect from the Effective Time, in accordance with the terms of this Scheme:

6.2.1 the Initial Transferring Assets shall, by this Scheme and without any further act or instrument, be transferred to (and legal and beneficial title in respect of the Initial Transferring Assets shall vest in) the Transferee and shall cease to be Assets of the Transferor; and

6.2.2 the Initial Transferring Liabilities shall, by this Scheme and without any further act or instrument, be transferred to, and shall become Liabilities of, the Transferee and shall cease to be Liabilities of the Transferor,

and, in each case, shall be transferred to, and vested in, the Transferee, with the benefit of all Rights in Security (if any) and Title Transfer Collateral Arrangements (if any), and subject to all Encumbrances (if any), that affect that Transferring Asset or Transferring Liability.

6.3 With effect from the Effective Time, the beneficial title in the Shared Security shall, without any further act or instrument, vest in accordance with paragraph 21 (*Shared Security*).

6.4 With effect from each Subsequent Transfer Date, subject to the terms of this Scheme:

6.4.1 each Residual Asset to which that Subsequent Transfer Date applies shall, by this Scheme and without any further act or instrument, be transferred to, and legal title (and beneficial title, where beneficial title has not transferred at the Effective Time pursuant to the creation of a trust described in paragraph 11 (*Declaration of Trust by the Transferor and Retention of Residual Liabilities*) or pursuant to any other arrangement between the Transferor and the Transferee) in respect of that Residual Asset shall vest in the Transferee and shall cease to be an Asset of the Transferor; and

6.4.2 each Residual Liability to which that Subsequent Transfer Date applies shall, by this Scheme and without any further act or instrument, be transferred to, and shall become a Liability of, the Transferee and shall cease to be a Liability of the Transferor,

and, in each case, shall be transferred to, and vested in, the Transferee, with the benefit of all Rights in Security (if any) and Title Transfer Collateral Arrangements (if any), and subject to all Encumbrances (if any), that affect that Residual Asset or Residual Liability.

6.5 The Scheme shall not operate to transfer any of the Excluded Liabilities or Excluded Assets.

7 Specific Provisions in respect of the Transferring Business

7.1 Without prejudice to the generality of the foregoing, with effect from the Relevant Date and subject to the terms of this Scheme:

7.1.1 the Transferring Assets and Transferring Liabilities shall have effect as if they had always been made with, available to or from, held by, vested in, or offered or issued

by, the Transferee (or on behalf of the Transferee) instead of the Transferor (or on behalf of the Transferor); and

7.1.2 in respect of each of the Transferring Assets and the Transferring Liabilities:

- (i) any person, including any Counterparty, who, immediately prior to the Relevant Date, has rights and remedies against the Transferor, or is subject to Liabilities to the Transferor, shall have the same rights and remedies against, and be subject to the same Liabilities to, the Transferee; and
- (ii) the Transferee shall have the same rights, remedies, Rights in Security and rights under Title Transfer Collateral Arrangements, and be subject to the same Liabilities and Encumbrances, as the Transferor had, or to which it was subject, immediately prior to the Relevant Date, and the enforceability or priority or ranking of, and rights and remedies under, any Right in Security, Title Transfer Collateral Arrangement, or Encumbrance shall not be affected by the transfer under this Scheme.

7.2 With effect from the Relevant Date and subject to the terms of this Scheme, but without prejudice to paragraph 15 (*Set-Off Rights: restriction on exercise*) to paragraph 19 (*Cross-Default*) of Part C (*Undertakings*):

7.2.1 any Transferring Asset, including a Right in Security or Title Transfer Collateral Arrangement, in connection with the Transferring Business held by, or vested in, the Transferor, or any Transferring Liability, including an Encumbrance to which the Transferor is subject, in each case, immediately prior to the Relevant Date, shall be held by, vested in, or enforceable against, the Transferee, as if the Transferee had the benefit of that Transferring Asset, Right in Security or Title Transfer Collateral Arrangement, or was subject to that Transferring Liability, or Encumbrance, and in each case, in the same capacity, with the same rights, powers, remedies, enforceability, priority and ranking, and subject to the same duties, obligations and liabilities, as were previously applicable to the Transferor;

7.2.2 any Right in Security, Title Transfer Collateral Arrangement, or Encumbrance referred to in paragraph 7.2.1, shall be enforceable by, or against, the Transferee with respect to any Liabilities to which the Right in Security, Title Transfer Collateral Arrangement, or the Encumbrance relates (whether arising prior to or after the Relevant Date) so that:

- (i) the Transferee shall be entitled to the same rights, remedies and priorities and be subject to the same Liabilities as those to which the Transferor was entitled and to which it was subject immediately prior to the Relevant Date; and
- (ii) all waivers, amendments, conditions, consents, deeds of substitution, deeds of release, intercreditor, subordination or similar ranking agreements relating to that Right in Security, Title Transfer Collateral Arrangement, or Encumbrance, shall be enforceable by, and binding upon, the Transferee, to the same extent as the same would have been enforceable by, and binding upon, the Transferor immediately prior to the Relevant Date,

but subject to, in each case, any transfers, amendments and modifications pursuant to the terms of this Scheme.

7.3 With effect from the Relevant Date and subject to the terms of this Scheme (and, in particular, Part D (*Amendments to Rights in Security, Contracts and Terms and Conditions*)), any

reference (whether express or implied and including any reference in any Transferring Arrangement, Replicated Arrangement or other document in connection with the Transferring Assets or the Transferring Liabilities) to:

7.3.1 any of:

(i) the following entities:

(a) "NatWest"; or

(b) "National Westminster Bank Plc";

(ii) the "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 each case to the extent that term is defined to refer to, or is by reference to the context to be construed as a reference to, the Transferor (or, in each case, any predecessor in title of the Transferor),

shall, unless the context otherwise requires (including in respect of references to Excluded Arrangements or NatWest Remaining Arrangements), be construed, in respect of the Transferring Business, as a reference to the Transferee;

7.3.2 the Transferor's company registration number, banking licence number, registered address, website and contact details, shall be substituted by a reference to the Transferee's company registration number, banking licence number, registered address, website and contact details or as the Transferee shall direct;

7.3.3 the Transferor being registered under "the laws of England and Wales" shall be substituted by a reference to the Transferee being registered under "the laws of Scotland";

7.3.4 the Transferor and all or any of its affiliates (howsoever described) shall be construed as a reference to the Transferee and such affiliates of the Transferee as will give that term a substantially similar meaning and (in all cases) only to the extent permitted under the Relevant Ring-Fencing Legislation;

7.3.5 any director, officer, representative or employee of the Transferor shall be construed as a reference to any director, officer, representative or employee of the Transferee; and

7.3.6 a rate, charge, tariff or scale of fees or to terms or conditions applied, published, determined, ascertained, quoted, set, varied or amended from time to time by the Transferor shall be construed to afford to the Transferee the same rights as the Transferor had to apply, publish, determine, ascertain, quote, set, vary or amend such rates or equivalent rates, charges, tariffs, scales of fees, terms or conditions.

7.4 With effect from the Relevant Date and subject to the terms of this Scheme:

7.4.1 any instruction, standing order, direct debit, direction, mandate, indemnity, power of attorney, authority, undertaking, declaration, consent or similar arrangement (an "**Authority**") given to, by, or on behalf of, the Transferor in respect of the Transferring Business in force immediately prior to the Relevant Date (whether in writing or not, whether or not in connection with an account and whether or not providing for the payment of any sum in respect of any of the Transferring Arrangements) shall:

(i) have effect as if given to, by, or on behalf of, the Transferee; and

- (ii) take effect as if that Authority had provided for, and authorised, any such payment to or by the Transferee;
- 7.4.2 notwithstanding paragraph 7.4.1, the Authority shall also continue and remain in force and existence for the benefit of the Transferor, to the extent necessary in order to allow it to fulfil any outstanding or continuing obligations and exercise any outstanding or continuing rights in respect of any other Excluded Arrangement or NatWest Remaining Arrangement with that Counterparty or other person;
- 7.4.3 the Transferee shall have the same rights and remedies (and, in particular, as to taking, or resisting, Proceedings or making applications to any court, authority or other body) for ascertaining, perfecting, enforcing (or resisting) any Transferring Asset or ascertaining or resisting any Transferring Liability as if it had at all times been an Asset or Liability of the Transferee;
- 7.4.4 the Transferee shall be entitled to rely on, and enforce, any undertaking, covenant, indemnity, consent, waiver, representation, warranty, statement or estoppel given, made or otherwise available to the Transferor by, or against, a person in connection with the Transferring Business immediately prior to the Relevant Date, as though that undertaking, covenant, indemnity, consent, waiver, representation, warranty, statement or estoppel had been given, made or been available to the Transferee and to the same extent that the Transferor would have been able to rely on and enforce the same;
- 7.4.5 where the Transferor is party to a Transferring Arrangement under which it has given any confirmation, representation, warranty or indication in connection with any Taxation matter (a “**Tax Confirmation**”), the Transferee shall be deemed to have provided such a Tax Confirmation;
- 7.4.6 notwithstanding paragraph 7.4.5:
 - (i) where alternative forms of Tax Confirmation are envisaged in connection with that Transferring Arrangement, the Transferee shall be deemed to have provided that Tax Confirmation which is appropriate in the circumstances, taking into account the status of the Transferee for relevant Taxation purposes; and
 - (ii) the Transferee shall not be deemed by paragraph 7.4.5 to have provided any Tax Confirmation which is not accurate and true as regards the Transferee; and
- 7.4.7 where the Transferee is required by law to comply with any procedural formalities (other than the provision of a Tax Confirmation) in order to be able to receive payments under a Transferring Arrangement free from a Tax Deduction (or subject to a Tax Deduction at a reduced rate), including any procedural formalities required in order to obtain relief from the Tax Deduction under the terms of a double tax agreement, the person making the payment shall not be required to pay to the Transferee any additional amounts in respect of any Tax Deduction that would otherwise be required under the terms of the Transferring Arrangement in circumstances where (i) payment could have been made to the Transferor free of a Tax Deduction (or subject to a Tax Deduction at a reduced rate) and (ii) the Transferee delays unreasonably in complying with any such procedural formalities.

8 Specific Provisions in respect of Title Transfer Collateral Arrangements which are Transferring Arrangements

8.1 In respect of each Title Transfer Collateral Arrangement which is a Transferring Arrangement and in which, at the Effective Time, the Transferor is the Collateral Holder and the Counterparty is not a Category 2 Counterparty, the Transferor shall transfer, as soon as reasonably practicable after the Effective Time, Eligible Collateral under that Title Transfer Collateral Arrangement to the Transferee.

8.2 The Eligible Collateral referred to in paragraph 8.1 shall have an aggregate Market Value equal to, or as close as reasonably practicable, to:

- (i) the Market Value of that Counterparty's Credit Support Balance as at the Effective Time where the Title Transfer Collateral Arrangement is a CSA; or
- (ii) the Market Value of the Margin Received by the Collateral Holder as at the Effective Time where the Title Transfer Collateral Arrangement is a Margin Supplement.

9 Specific Provisions in respect of Opt-Out Rights and Replicated Arrangements

9.1 With effect from the Effective Time and subject to the terms of this Scheme:

9.1.1 all Category 1 Arrangements (including any Title Transfer Collateral Arrangements) shall form part of the Excluded Assets and Excluded Liabilities;

9.1.2 all Category 1 Arrangements shall continue to govern any Eligible Derivative Transactions and/or any Excluded Derivative Transactions between a Category 1 Counterparty and the Transferor;

9.1.3 all RBS Standalone Derivative Terms, ISDA Long-Form Confirmations or Agile Markets Long-Form Confirmations between the Transferor and a Category 2 Counterparty which govern Transferring Derivative Transactions shall transfer as part of the Transferring Business;

9.1.4 where any Transferring Derivative Transactions between the Transferor and a Category 2 Counterparty are governed by an Original ISDA, including where those Transferring Derivative Transactions are also subject to an Original TTCA and/or Original Ancillary Documents:

- (i) those Transferring Derivative Transactions shall cease to be governed by that Original ISDA and shall cease to be subject to that Original TTCA and those Original Ancillary Documents;
- (ii) all ISDA Short-Form Confirmations between the Transferor and a Category 2 Counterparty relating to those Transferring Derivative Transactions shall transfer as part of the Transferring Business;
- (iii) a Replicated ISDA, Replicated TTCA and Replicated Ancillary Documents shall be created by this Scheme on the same terms and conditions (as amended by paragraph 7.3 and paragraph 10 (*Specific Provisions in respect of collateral on the exercise of Opt-Out Rights by Category 2 Counterparties*)) as the corresponding Original ISDA and the corresponding Original TTCA and Original Ancillary Documents, immediately prior to the Effective Time;

- (iv) the ISDA Short-Form Confirmations referred to in paragraph (ii) above, together with the Replicated TTCA referred to in paragraph (iii) above, shall each form part of that Replicated ISDA; and
 - (v) that Replicated ISDA, the ISDA Short-Form Confirmations referred to in paragraph (ii) above and any Replicated TTCA and any Replicated Ancillary Documents referred to in paragraph (iii) above shall each apply to those Transferring Derivative Transactions;
- 9.1.5** paragraph 10 (*Specific Provisions in respect of collateral on the exercise of Opt-Out Rights by Category 2 Counterparties*) shall apply:
 - (i) to any Original TTCA between the Transferor and that Category 2 Counterparty; and
 - (ii) any Replicated TTCA between the Transferee and that Category 2 Counterparty;
- 9.1.6** where an Original Agile Markets Terms of Business applies to any Transferring Derivative Transactions between the Transferor and a Category 2 Counterparty:
 - (i) those Transferring Derivative Transactions shall no longer be subject to that Original Agile Markets Terms of Business;
 - (ii) all Agile Markets Short-Form Confirmations between the Transferor and that Category 2 Counterparty relating to those Transferring Derivative Transactions shall transfer as part of the Transferring Business;
 - (iii) a Replicated Agile Markets Terms of Business shall be created by this Scheme on the same terms and conditions (as amended by paragraph 7.3) as that Original Agile Markets Terms of Business immediately prior to the Effective Time; and
 - (iv) the Agile Markets Short-Form Confirmations referred to in paragraph (ii) above, and the Replicated Agile Markets Terms of Business referred to in paragraph (iii) above, shall each apply to those Transferring Derivative Transactions; and
- 9.1.7** any Category 2 Arrangements will continue to govern any Remaining Derivative Transactions between that Category 2 Counterparty and the Transferor.
- 9.2** Without prejudice to the provisions of paragraphs 15 (*Set-Off Rights: restriction on exercise*), 16 (*Set-Off Rights: right to withdraw*), 17 (*All Monies Rights*), 18 (*Consolidation Rights*) and 19 (*Cross-Default*) each of Part C (*Undertakings*), each Replicated Arrangement relating to each Transferring Derivative Transaction shall have effect as if it had always been made with, available to or from, held by, vested in, or offered or issued by, the Transferee (or on behalf of the Transferee) instead of the Transferor (or on behalf of the Transferor).
- 9.3** Without prejudice to the generality of the foregoing, with effect from the Effective Time and subject to the terms of this Scheme:
 - 9.3.1** any person, including any Counterparty, who, immediately prior to the Effective Time, has rights and remedies in respect of any Transferring Derivative Transaction against the Transferor under any Category 2 Arrangements, or is subject to Liabilities to the Transferor in respect of any Transferring Derivative Transaction under any Category 2 Arrangements, shall have the same rights and remedies against, and be subject to the

same Liabilities to, the Transferee in respect of those Transferring Derivative Transactions under the relevant Replicated Arrangement; and

- 9.3.2** in respect of any Transferring Derivative Transactions, the Transferee shall have the same rights, remedies, Rights in Security and rights under Title Transfer Collateral Arrangements and be subject to the same Liabilities and Encumbrances as the Transferor had under any Category 2 Arrangements or to which it was subject, immediately prior to the Effective Time, and the enforceability or priority or ranking of, and rights and remedies under, any Right in Security, Title Transfer Collateral Arrangement, or Encumbrance shall not be affected by the creation of any Replicated Arrangement under this Scheme.

10 Specific Provisions in respect of collateral on the exercise of Opt-Out Rights by Category 2 Counterparties

- 10.1** If the Transferor is the Collateral Holder at the Effective Time pursuant to an Original TTCA, then, as soon as reasonably practicable after the Effective Time, the Transferor shall transfer Equivalent Relevant Collateral to the Transferee and upon that transfer:

10.1.1 where that Original TTCA is an Original CSA:

- (i) the Credit Support Balance of the Category 2 Counterparty under that Original CSA shall cease to include the Relevant Collateral; and
- (ii) the Credit Support Balance of the Category 2 Counterparty under the Replicated CSA corresponding to that Original CSA shall be the Relevant Collateral referred to in paragraph 10.1.1(i); and

10.1.2 where that Original TTCA is an Original Margin Supplement:

- (i) the Margin Received by the Transferor under that Original Margin Supplement shall cease to include the Relevant Collateral; and
- (ii) the Margin Received by the Transferee under the Replicated Margin Supplement corresponding to that Original Margin Supplement shall be the Relevant Collateral referred to in paragraph 10.1.2(i).

- 10.2** If the Category 2 Counterparty is the Collateral Holder pursuant to an Original TTCA then with effect from the Effective Time:

10.2.1 where that Original TTCA is an Original CSA:

- (i) the Credit Support Balance of the Transferor under that Original CSA shall cease to include the Relevant Collateral; and
- (ii) the Credit Support Balance of the Transferee under the Replicated CSA corresponding to that Original CSA shall be the Relevant Collateral referred to in paragraph 10.2.1(i); and

10.2.2 where the Original TTCA is an Original Margin Supplement:

- (i) the Margin Received by that Category 2 Counterparty under that Original Margin Supplement shall cease to include the Relevant Collateral; and
- (ii) the Margin Received by that Category 2 Counterparty under the Replicated Margin Supplement corresponding to that Original Margin Supplement shall be the Relevant Collateral referred to in paragraph 10.2.2(i).

11 Declaration of Trust by the Transferor and Retention of Residual Liabilities

11.1 In respect of each Residual Asset, unless otherwise agreed in writing prior to the Effective Time by the Transferor and the Transferee, the Transferor shall, from the Effective Time until the earlier of (i) the Subsequent Transfer Date applicable thereto and (ii) the date of any disposal, repayment in full, close-out or other termination in full of that Residual Asset:

11.1.1 hold that Residual Asset, together with all rights and interests thereunder, including any Income, in trust for the Transferee absolutely, save to the extent that:

- (i) the entry into of such a trust would itself be outside the jurisdiction of the Court or would not otherwise be recognised or be effective or be capable of enforcement under the applicable laws;
- (ii) the entry into of such a trust would cause a breach of, or default under, any Applicable Arrangements forming part of or relating to that Residual Asset or would give rise to any right of acceleration of any obligation or any right of termination pursuant to any such Applicable Arrangement; or
- (iii) the entry into of such a trust would cause a breach of the Relevant Ring-Fencing Legislation or any PRA or FCA rules or contravene any guidance relating to ring-fencing; or

11.1.2 retain any Residual Asset falling within paragraphs 11.1.1(i) to 11.1.1(iii), subject to any other arrangements agreed between the Transferor and the Transferee in relation to the same.

11.2 In respect of each Residual Liability, unless otherwise agreed in writing prior to the Effective Time by the Transferor and the Transferee, the Transferor shall, from the Effective Time until the earlier of (i) the Subsequent Transfer Date applicable thereto and (ii) the date of any disposal, repayment in full, close-out or other termination in full of that Residual Liability, retain any Residual Liability (including any Residual Liability relating to any Residual Asset, whether falling within paragraphs 11.1.1(i) to 11.1.1(iii) or not) subject to any other arrangements between the Transferor and the Transferee in relation to the same.

11.3 In respect of any Residual Asset and Residual Liability, unless otherwise agreed in writing prior to the Effective Time by the Transferor and the Transferee, the Transferor shall, from the Effective Time until the earlier of (i) the Subsequent Transfer Date applicable thereto and (ii) the date of any disposal, repayment in full, close-out or other termination in full of that Residual Asset or Residual Liability, be subject to directions from the Transferee in respect of that Residual Asset or Residual Liability (whether falling within paragraphs 11.1.1(i) to 11.1.1(iii) or not) and the Transferee shall have authority to act as the attorney of the Transferor in respect of such Residual Asset or Residual Liability.

11.4 Unless otherwise agreed by the Transferor and the Transferee in writing prior to the Effective Time, if the Transferor receives any Income on or after the Effective Time in respect of:

11.4.1 any Initial Transferring Asset; or

11.4.2 any Residual Asset (other than any Residual Asset referred to in paragraphs 11.1.1(i) to 11.1.1(iii)),

the Transferor shall, as soon as is reasonably practicable after its receipt, pay over the full amount of that Income (or, where the receipt or recovery is by way of set-off, an equivalent amount) to, or in accordance with the directions of, the Transferee.

12 Continuity of Proceedings

12.1 With effect from the Effective Time, any Proceedings commenced, issued, served or pending, in connection with:

12.1.1 any of the Initial Transferring Assets or the Initial Transferring Liabilities; or

12.1.2 the Transferring Business,

in each case, in respect of which the Transferor is a party, shall, unless the Transferor and the Transferee otherwise agree in writing prior to the Effective Time, be continued by, against or with the Transferee (instead of the Transferor) and the Transferee shall be entitled to all remedies, defences, claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to the Transferor in connection with those Proceedings.

12.2 With effect from each Subsequent Transfer Date, any Proceedings commenced, issued, served or pending, in connection with any of the Residual Assets or Residual Liabilities to which such Subsequent Transfer Date applies and in respect of which the Transferor is a party, shall, unless the Transferee and the Transferor otherwise agree in writing prior to the relevant Subsequent Transfer Date, be continued by, against or with the Transferee (instead of the Transferor) and the Transferee shall be entitled to all remedies, defences, claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to the Transferor in connection with those Proceedings.

12.3 With effect from the Effective Time, unless the Transferee and the Transferor otherwise agree in writing prior to the Effective Time, any judgment, settlement, order or award obtained by or against the Transferor in respect of:

12.3.1 the Initial Transferring Assets or the Initial Transferring Liabilities; or

12.3.2 the Transferring Business,

and not fully satisfied, or performed, before the Effective Time, shall, to the extent to which it was enforceable by or against the Transferor immediately prior thereto, become enforceable by or against the Transferee (instead of the Transferor).

12.4 With effect from each Subsequent Transfer Date, unless the Transferee and the Transferor otherwise agree in writing prior to the relevant Subsequent Transfer Date, any judgment, settlement, order or award obtained by or against the Transferor in respect of any of the Residual Assets or Residual Liabilities to which such Subsequent Transfer Date applies and which is not fully satisfied, or performed, before that Subsequent Transfer Date, shall, to the extent to which it was enforceable by or against the Transferor immediately prior thereto, become enforceable by or against the Transferee (instead of the Transferor).

13 Data Protection

13.1 In this paragraph 13:

13.1.1 “**Marketing Preference**” means: (i) a consent given by a data subject for use of personal data to market directly to him by any means; (ii) an indication (by act or omission, as appropriate) by the data subject that such consent is withheld, or that the data subject has exercised their rights to object to receive direct marketing; or (iii) a record of the fact that a data subject has not so exercised their rights; and

13.1.2 other terms shall be construed in accordance with the definitions in the DP Legislation.

13.2 With effect from the Relevant Date:

13.2.1 in connection with the Transferring Personal Data, the Transferor and the Transferee shall not be joint controllers for the purposes of the DP Legislation (unless the Transferor and the Transferee otherwise agree in writing prior to the Effective Time), and they do not determine the purposes and means of the processing of the Transferring Personal Data jointly;

13.2.2 in respect of the Transferring Personal Data, the Transferee shall become the data controller, except in circumstances in which the Transferor continues to use the Transferring Personal Data after the Relevant Date, in which case, notwithstanding paragraph 13.2.1, the Transferee and the Transferor shall both be data controllers;

13.2.3 any information made available to, or consent obtained or request or other notice received from, any data subject by, or on behalf of, the Transferor in respect of the Transferring Personal Data will be deemed to have been made available to, obtained or received by the Transferee;

13.2.4 any reference to the Transferor in any information, consent, request or other notice will be construed to include a reference to the Transferee; and

13.2.5 where a data subject has made a subject access request to the Transferor before the Relevant Date and the Transferor has not responded with a copy of the personal data held by it in accordance with the DP Legislation before the Relevant Date:

- (i) the Transferee may respond to the request, in accordance with the DP Legislation, by providing copies of personal data held by the Transferor immediately before the Relevant Date; and
- (ii) the Transferor may exclude personal data forming part of the Transferring Business from its response thereafter to the extent that the Transferor is no longer a data controller in respect of such data.

13.3 Subject to paragraph 13.4, with effect from the Relevant Date, in respect of any Counterparty of the Transferor who becomes a Counterparty of the Transferee at the Relevant Date, the Transferee shall have the benefit of any Marketing Preferences provided by that Counterparty to the Transferor, on the same terms as the Transferor had prior to the Relevant Date.

13.4 Where, prior to the Relevant Date, a Counterparty has provided a Marketing Preference to the Transferor or the Transferee, the most recent Marketing Preference provided by the Counterparty to any of the Transferor or the Transferee shall be deemed to apply with effect from the Relevant Date.

14 Consequences of the Transfer

14.1 Subject to paragraph 14.2, none of the transfer by this Scheme of the Transferring Business (including the transfer of the Transferring Assets and Transferring Liabilities), the transfer by this Scheme of the obligation to return collateral, any amendment of any Applicable Arrangement by this Scheme, the creation of any Replicated Arrangements by this Scheme, the creation of Shared Security by this Scheme, or anything done, or omitted to be done, in connection therewith, shall:

14.1.1 invalidate, or discharge, any Applicable Arrangement or other legal relationship, or render the transfer of the Transferring Business (including the transfer of the Transferring Assets and Transferring Liabilities) ineffective, void or voidable;

- 14.1.2** require further registration, amendment of existing registration or filing in respect of any Right in Security, Title Transfer Collateral Arrangement, Encumbrance, Applicable Arrangement or other legal relationship;
- 14.1.3** require any form of transfer, accession or assignment agreement or certificate or similar document, or any form of confidentiality or other undertaking or any prior or subsequent notice of transfer (or a copy of any thereof) to be given to, entered into or delivered to any person in respect of any Applicable Arrangement or other legal relationship;
- 14.1.4** constitute a breach of, or default under, or require compliance with any express or implied:
- (i) representation, obligation, duty or undertaking (whether in contract, tort, equity or otherwise); or
 - (ii) notice, consultation, consent or confidentiality requirement,
- (including, in respect of paragraphs (i) and (ii) above, any breach, default or requirement arising as a result of, or in connection with, the identity, legal or regulatory status, office, branch or legal entity, level of holding or investment of, or other transaction roles held by, the Transferee) or require any obligation to be performed sooner or later than would have otherwise been the case under any Applicable Arrangement or other legal relationship;
- 14.1.5** allow or entitle any party to an Applicable Arrangement, or other legal relationship, to terminate that Applicable Arrangement or other legal relationship when that party would not otherwise have been able to terminate that Applicable Arrangement or other legal relationship;
- 14.1.6** entitle any person to claim or receive a fee payable in connection with the transfer of the Transferring Business or the transfer of the Transferring Assets and Transferring Liabilities;
- 14.1.7** entitle any party to any Applicable Arrangement, or other legal relationship, to modify the terms of that Applicable Arrangement or other legal relationship when that party would not otherwise have been able to modify those terms;
- 14.1.8** save as otherwise provided herein, confer any greater or lesser rights or benefits, or impose any greater or lesser obligations, on any party to any Applicable Arrangement, or other legal relationship, when those greater or lesser rights, benefits or obligations would not otherwise have been imposed;
- 14.1.9** require any party to any Transferring Arrangement, Replicated Arrangement or other legal relationship forming part of the Transferring Business, to perform any “Know Your Customer” or other regulatory checks or investigations in respect of the Transferee or any other person;
- 14.1.10** allow, or entitle, any party to exercise any termination, or other rights, which may otherwise arise under any Applicable Arrangement;
- 14.1.11** to the extent possible under the applicable law, enable a liquidator, provisional liquidator, administrator, administrative receiver, supervisor of a company voluntary arrangement or any other insolvency practitioner to treat the transfer effected by this Scheme as a transaction at undervalue, a preference, or otherwise enable such insolvency practitioner to challenge the transfer under this Scheme or challenge the

relevant Applicable Arrangement under any administration, insolvency, company voluntary arrangement or similar process;

- 14.1.12** affect the rights, powers or remedies under, or the enforceability, priority or ranking of, any Encumbrance, Right in Security or Title Transfer Collateral Arrangement;
 - 14.1.13** prevent the Transferee from relying on any legal, tax, accounting or other professional opinions, any asset valuations or other professional reports or any process agency arrangements issued or implemented in connection with Transferring Assets and Transferring Liabilities; or
 - 14.1.14** entitle any person to bring a claim, whether in contract, tort, delict, equity or otherwise.
- 14.2** Any Enforceable Right shall continue to be enforceable after the Effective Time, notwithstanding the provisions of paragraph 14.1.
- 14.3** With effect from the Relevant Date, the Transferee shall succeed to the Transferring Business (including the Transferring Assets and the Transferring Liabilities) as if, in all respects, but subject to the terms of this Scheme, it was the same person in law as the Transferor with such Assets and Liabilities as the Transferor had immediately prior to the Relevant Date, with respect to the Transferring Business (including the Transferring Assets and the Transferring Liabilities).

PART C – UNDERTAKINGS

15 Set-Off Rights: restriction on exercise

Subject to paragraph 20 (*Savings to Rights*), the Transferee shall not be entitled, for a period of three calendar months from the Relevant Date, to apply any Set-Off Rights which might otherwise be exercisable by it solely in consequence of this Scheme to reduce, or discharge, any Liability arising from time to time:

- (i) under any NWM plc Existing Arrangement by applying Liabilities owed by a Counterparty to the Transferee under any Transferring Arrangement or Replicated Arrangement; or
- (ii) under any Transferring Arrangement or Replicated Arrangement by applying Liabilities owed by a Counterparty to the Transferee under any NWM plc Existing Arrangement.

16 Set-Off Rights: right to withdraw

16.1 Any Counterparty who satisfies the conditions in paragraph 16.2 (an “**Affected Counterparty**”) may request the withdrawal of all, or part, of any deposit forming part of the NWM plc Existing Arrangements at any time from the date of the Sanction Hearing until the date that is three months after the Relevant Date, that withdrawal to take effect as soon as reasonably practicable.

16.2 The conditions are as follows:

16.2.1 that a deposit forms part of the NWM plc Existing Arrangements referred to in paragraph 16.1; and

16.2.2 that following the transfer of the Transferring Arrangements to the Transferee pursuant to this Scheme, the Transferee would, were it not for paragraph 15 (*Set-Off Rights: restriction on exercise*), be entitled, from the Relevant Date, to apply Set-Off Rights in respect of the deposit forming part of the NWM plc Existing Arrangements referred to in paragraph 16.1.

16.3 Such a withdrawal request may be made on any Business Day and without the Affected Counterparty complying with any requirement to give notice, to which the Affected Counterparty would otherwise be subject.

16.4 Such a withdrawal shall be without loss of any accrued interest and without the Affected Counterparty incurring any charge that would otherwise apply in consequence of such a withdrawal.

16.5 The Transferee shall not be obliged to permit an Affected Counterparty to withdraw any deposit in accordance with this paragraph 16, where the deposit is subject to Set-Off Rights or a Right in Security which exist immediately prior to the Relevant Date, or which are acquired by the Transferee after the date of its transfer by this Scheme. Where any deposit is subject to Set-Off Rights or a Right in Security acquired by the Transferee solely in consequence of this Scheme, the Transferee shall be obliged to permit such withdrawal.

17 All Monies Rights

Subject to paragraph 20 (*Savings to Rights*), the Transferee shall not be entitled, with effect from the Relevant Date, to apply any All Monies Rights, which might otherwise be exercisable by it solely in consequence of this Scheme:

- (i) under any NWM plc Existing Arrangement to secure any Liability arising from time to time under any Transferring Arrangement or Replicated Arrangement; or
- (ii) under any Transferring Arrangement or Replicated Arrangement to secure any Liability arising from time to time under any NWM plc Existing Arrangement.

18 Consolidation Rights

Subject to paragraph 20 (*Savings to Rights*), the Transferee shall not be entitled, with effect from the Relevant Date, to apply any Consolidation Rights, which might otherwise be exercisable by it solely in consequence of this Scheme, to prevent the release of a Right in Security given in connection with:

- (i) any NWM plc Existing Arrangement until any obligations have been satisfied under any Transferring Arrangement or Replicated Arrangement; or
- (ii) any Transferring Arrangement or Replicated Arrangement until any obligations have been satisfied under any NWM plc Existing Arrangement.

19 Cross-Default

Subject to paragraph 20 (*Savings to Rights*), the Transferee shall not be entitled, with effect from the Relevant Date, to apply any Cross-Default Rights, which might otherwise be exercisable by it solely in consequence of this Scheme, to accelerate, or alter, any rights or obligations under:

- (i) any NWM plc Existing Arrangement as a result of the breach of any Transferring Arrangement or Replicated Arrangement; or
- (ii) any Transferring Arrangement or Replicated Arrangement as a result of the breach of any NWM plc Existing Arrangement.

20 Savings to Rights

The provisions of paragraph 15 (*Set-Off Rights: restriction on exercise*) to paragraph 19 (*Cross-Default*) shall not apply to vary any rights which:

- (i) immediately prior to the Relevant Date, the Transferee or the Transferor had, in connection with that Transferring Arrangement or NWM plc Existing Arrangement, to exercise any Set-Off Rights, All Monies Rights, Consolidation Rights or Cross-Default Rights prior to the Relevant Date; or
- (ii) the Transferee or the Transferor may acquire, in connection with any Transferring Arrangement, Replicated Arrangement or NWM plc Existing Arrangement, (other than solely in consequence of this Scheme), including any rights arising in consequence of the modification with effect from the Relevant Date of any Transferring Arrangement, Replicated Arrangement or NWM plc Existing Arrangement.

PART D – AMENDMENTS TO RIGHTS IN SECURITY, CONTRACTS AND TERMS AND CONDITIONS

21 Shared Security

21.1 The amendments set out in this paragraph 21 apply to any Shared Security and are subject to Part C (*Undertakings*).

21.2 With effect from the Effective Time, the Transferor is appointed to act as Security Trustee in respect of all Shared Security and, in that capacity, shall hold all Shared Security on trust for and on behalf of:

21.2.1 the Transferee (and any other member of the RBS Group which may become a successor, or assignee, of the Transferee's rights in connection with the Transferring Secured Liabilities from time to time) as security, or support, for the payment, discharge and/or performance of the relevant Transferring Secured Liabilities from time to time which are or may be secured or supported by that Shared Security;

21.2.2 the Transferor (and any other member of the RBS Group which may become a successor, or assignee, of the Transferor's rights in connection with the Remaining Secured Liabilities from time to time) as security, or support, for the payment, discharge and/or performance of the relevant Remaining Secured Liabilities, from time to time which are or may be secured or supported by that Shared Security; and

21.2.3 the Transferor (or any successor trustee) in connection with any Liabilities owed to it as the Security Trustee,

in each case, in accordance with the Security Trust Arrangements.

21.3 With effect from the Effective Time, the terms and conditions of any Shared Security and the related Transferring Secured Liabilities and Remaining Secured Liabilities shall be amended as follows:

21.3.1 any reference to the Transferor, "Hedging Bank", "Hedge Counterparty", "Party A"/"Party B" (as applicable), "Bank" or any other term which is defined to refer to, or is by reference to the context to be construed as a reference to, the Transferor (or, in each case, any predecessor in title of the Transferor) as the holder of any Shared Security shall continue to be construed as a reference to the Transferor (or any successor trustee) but as Security Trustee for, and on behalf of, the Transferee and the Transferor (and any other member of the RBS Group which may become a successor, or assignee, of their respective rights in connection with the Transferring Secured Liabilities or the Remaining Secured Liabilities, as applicable, from time to time) as secured parties under the Security Trust Arrangements;

21.3.2 any reference to the Transferor as "Hedging Bank", "Hedge Counterparty", "Party A"/"Party B" (as applicable), "Bank" or any other term which is defined to refer to, or is by reference to the context to be construed as a reference to, the Transferor (or, in each case, any predecessor in title of the Transferor) as the beneficiary of any Shared Security, or party on whose behalf any Shared Security is held, shall be construed as a reference to:

- (i) the Transferee (and any other member of the RBS Group which may become a successor or assignee of the Transferee's rights in connection with the

Transferring Secured Liabilities from time to time) in connection with the Transferring Secured Liabilities from time to time;

- (ii) the Transferor (and any other member of the RBS Group which may become a successor or assignee of the Transferor's rights in connection with the Remaining Secured Liabilities from time to time) in connection with the Remaining Secured Liabilities from time to time; and
- (iii) the Transferor (or any successor trustee) in connection with any Liabilities owed to the Security Trustee;

21.3.3 the Security Trustee shall be permitted to delegate any or all of its powers and responsibilities as Security Trustee as it considers appropriate in its sole discretion;

21.3.4 the Transferor (or any successor trustee) shall be permitted to resign from its position as Security Trustee by designating another RBS Group member to assume the rights and duties of security trustee under the Security Trust Arrangements; and

21.3.5 each Applicable Arrangement pursuant to which Shared Security is documented shall be amended by including the following clause:

“Miscellaneous

- (i) The rights of the Security Trustee and the security granted under this security deed or security agreement are held by the Security Trustee for the benefit of NatWest Markets Plc and National Westminster Bank Plc (and their respective successors and assignees) and are subject to the terms of all applicable agency, trustee and intercreditor arrangements agreed between the parties.
- (ii) None of the Security Trustee, any receiver and delegate will be liable (for whatever reason, including taking possession of any property or security assets as mortgagee or otherwise) for:
 - (a) any costs, losses, liabilities or expenses relating to the realisation of any property or security assets; and/or
 - (b) any action taken (or not taken) by the Security Trustee (or any receiver or delegate) or their officers, employees or agents in connection with any property or security assets or in connection with this deed, unless directly caused by its gross negligence or wilful misconduct.”

22 Stapled Arrangements

22.1 The provisions of this paragraph 22 apply to any Stapled Hedge/Loan Arrangements.

22.2 With effect from the Effective Time:

22.2.1 the Transferring Hedging Arrangements which form part of the Stapled Hedge/Loan Arrangements and are included in the Transferring Assets and Transferring Liabilities shall transfer to the Transferee in accordance with paragraphs 6.1 and 6.2;

22.2.2 the Replicated Arrangements which form part of the Transferring Hedging Arrangements shall be created by this Scheme in accordance with paragraph 9;

22.2.3 the Remaining Lending Arrangements which form part of the Stapled Hedge/Loan Arrangements will remain with the Transferor; and

both the Transferring Hedging Arrangements and the Remaining Lending Arrangements shall be subject to the provisions of this paragraph 22.

22.3 With effect from the Effective Time:

22.3.1 the Transferee shall:

- (i) be vested with all rights and obligations as hedge counterparty under the Transferring Hedging Arrangements (and any other relevant Arrangements) forming part of the Stapled Hedge/Loan Arrangements, including any Rights in Security or Title Transfer Collateral Arrangement to the extent securing or supporting such Transferring Hedging Arrangements; and
- (ii) be a party, as hedging party, to the Remaining Lending Arrangements (and any other relevant Applicable Arrangements) forming part of the relevant Stapled Hedge/Loan Arrangements, to the extent that the Transferor was party to those Applicable Arrangements in its capacity as hedging party prior to the Effective Time,

and all references in the Stapled Hedge/Loan Arrangements, when referring to the hedge counterparty, shall be construed as references to the Transferee; and

22.3.2 the Transferor shall:

- (i) continue to be vested with all rights and obligations under any Remaining Lending Arrangement forming part of the Stapled Hedge/Loan Arrangements, including any Right in Security or Title Transfer Collateral Arrangement to the extent securing or supporting those Remaining Lending Arrangements; and
- (ii) be a party, as lending or financing party, to any Transferring Hedging Arrangements (and any other relevant Applicable Arrangements), to the extent that the Transferor was a party to those Applicable Arrangements in its capacity as lender or financing counterparty,

and all references in the Stapled Hedge/Loan Arrangements, when referring to the lender or finance party, shall be construed as references to the Transferor.

22.4 The provisions of paragraphs 22.2 and 22.3 will apply to any Transferring Derivative Transactions where a Stapled Hedge/Loan Arrangement includes both Remaining Derivative Transactions and Transferring Derivative Transactions.

22.5 With effect from the Effective Time:

22.5.1 the transfer to the Transferee of the Transferring Hedging Arrangements forming part of the Stapled Hedge/Loan Arrangements, the creation of any Replicated Arrangements by this Scheme or the retention by the Transferor of the Remaining Lending Arrangements or the Category 2 Arrangements, in each case, forming part of the Stapled Hedge/Loan Arrangements, shall not:

- (i) constitute any breach or a default under, or affect any rights, powers or remedies of the Transferee or the Transferor under, the Stapled Hedge/Loan Arrangements;
- (ii) render:

(a) the transfer of the Transferring Hedging Arrangements forming part of the Stapled Hedge/Loan Arrangements (including any related Right in Security or Title Transfer Collateral Arrangement);

(b) the creation of any Replicated Arrangements by this Scheme; or

(c) any of the Remaining Lending Arrangements or any Category 2 Arrangements,

ineffective, void or voidable; or

(iii) require compliance with any notice, consultation or consent requirement with any other party or beneficiary of such Stapled Hedge/Loan Arrangements; and

22.5.2 any notices to be given, or received, under those Stapled Hedge/Loan Arrangements (or any associated Right in Security or Title Transfer Collateral Arrangement) may be given by either of, and shall be received by both of, the Transferee and/or the Transferor.

23 Effect of Part D

The amendments set out in paragraph 21 (*Shared Security*) and paragraph 22 (*Stapled Arrangements*) of this Part D are not mutually exclusive.

PART E – GENERAL

24 Effective Time

24.1 Subject to paragraph 24.2, this Scheme shall become effective at 00.01 hours on 13 August 2018 or on such later date as the Transferor and the Transferee may agree in writing with the PRA and the FCA.

24.2 This Scheme shall lapse if it does not become effective on or before the later of: (i) 31 December 2018; or (ii) such time and/or date as the Court may allow on the application of the Transferor and the Transferee.

25 Further Assurances

25.1 The Transferor and the Transferee shall each take all such reasonable steps, and do all such reasonable things (including the execution and delivery of any documents), as may be necessary, or desirable, to give effect to this Scheme, including to effect the transfer to, and vesting in, the Transferee of the Transferring Business (including the Transferring Assets and the Transferring Liabilities), save to the extent that the Transferee notifies the Transferor that it shall not require such steps to be taken.

25.2 If any of the Transferring Assets or the Transferring Liabilities are governed by the law of any country, or territory, outside the UK, the Transferor shall provide all reasonable assistance to the Transferee for securing the transfer to the Transferee of those Transferring Assets or Transferring Liabilities to ensure that it is fully effective under the law of that country or territory.

26 Indemnity

26.1 Save as otherwise agreed in writing between the Transferor and the Transferee:

26.1.1 the Transferee shall indemnify and keep the Transferor indemnified, on an after-Taxation basis, against:

- (i) any Transferring Liability and any Liability (contingent or otherwise) which is incurred by the Transferor in connection with the Transferring Business after the Effective Time; and
- (ii) any Losses which the Transferor may incur by reason of the Transferor taking any reasonable action to avoid, resist or defend against any Liability referred to in paragraph (i) above; and

26.1.2 notwithstanding paragraph 26.1.1, the Transferee shall not be liable under paragraph 26.1.1 to the extent that:

- (i) the Transferee has, or would have, a claim or right of action against, or a right to indemnification from, the Transferor under any agreement with the Transferor in respect of the relevant Liability; or
- (ii) the Transferor recovers any Losses under any applicable insurance policy and does not pay the proceeds to the Transferee.

26.2 Save as otherwise agreed in writing between the Transferor and the Transferee, the Transferor shall indemnify, and keep indemnified, the Transferee, on an after-Taxation basis, against:

26.2.1 any Excluded Liability; and

26.2.2 any Losses which the Transferee may suffer by reason of the Transferee taking any reasonable action to avoid, resist or defend against any Excluded Liability.

27 Access to Records

Subject to the same being kept confidential by the persons provided with access under this paragraph 27, with effect from the Effective Time:

(i) the Transferor shall allow the Transferee and any persons authorised by the Transferee access, on reasonable notice, to the Statutory Records; and

(ii) the Transferee shall allow the Transferor and any persons authorised by the Transferor access, on reasonable notice, to the Transferring Records,

in each case, save to the extent that the Transferor or the Transferee is prevented from doing so by any obligation in law (including any obligation as to confidentiality), regulation, judgment or order of any court or any competent judicial, governmental, regulatory or supervisory body.

28 Evidence (Books and Documents)

28.1 All books and other documents relating to the Transferring Business which would, before the Relevant Date, have been evidence in respect of any matter for, or against, the Transferor, at the Relevant Date, shall be admissible in evidence in respect of the same matter for or against the Transferee after the Relevant Date.

28.2 With effect from the Relevant Date, the Bankers' Books Evidence Act 1879 shall apply to any books of the Transferor transferred to, and vested in, the Transferee by virtue of this Scheme, and to entries made in those books before the Relevant Date, as if such books were the books of the Transferee.

28.3 For the purposes of section 4 of the Bankers' Books Evidence Act 1879, books so transferred to, and vested in, the Transferee shall be deemed to have been the ordinary books of the Transferee at the time of the making of any entry therein which purports to have been made before the Relevant Date, and any such entry shall be deemed to have been made in the usual and ordinary course of business.

28.4 In this paragraph 28, "**books**" shall be construed in accordance with section 9(2) of the Bankers' Books Evidence Act 1879 and "**documents**" has the same meaning as in section 13 of the Civil Evidence Act 1995.

29 Variations

29.1 The Transferor and the Transferee may together consent for and on behalf of themselves and all other persons concerned (other than the PRA and the FCA) to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, prior to its sanction of this Scheme, the Court may approve or impose (a "**Variation**").

29.2 Paragraph 29.1 is subject to each of the PRA and the FCA having been given prior and reasonable notice of a Variation.

29.3 At any time after the sanction of this Scheme by the Court, the Transferee may apply to the Court for consent to amend the terms of this Scheme, provided that in any such case each of the PRA and the FCA shall have been given such prior and reasonable notice of the application as has been agreed by both the PRA and the FCA in advance with the Transferee and shall have the right to be heard at any hearing of the Court at which such application is considered and, if such consent is granted, the Transferee may amend the terms of this Scheme in accordance with such consent.

30 Consideration

The consideration for the transfer of the Transferring Business (including the Transferring Assets and the Transferring Liabilities) will be its fair market value, unless otherwise agreed in writing between the Transferee and the Transferor prior to the Sanction Hearing.

31 Evidence of Transfer

The production of a copy of the Order and of this Scheme, with any modifications made under paragraph 29 (*Variations*), for all purposes shall be conclusive evidence of the transfer to, and vesting in, the Transferee of the Transferring Business (including the Transferring Assets and the Transferring Liabilities).

32 Governing Law

This Scheme shall be governed by, and construed in accordance with, Scots law.

PART F – INTERPRETATION

33 Interpretation

33.1 In this Scheme, unless the context otherwise requires, the following words and phrases have the following meanings:

“1987 ISDA Master Agreement”	means the English law 1987 version of the Master Agreement (Multicurrency Cross Border) as published by ISDA;
“1992 ISDA Master Agreement”	means the English law 1992 version of the Master Agreement (Multicurrency Cross Border) as published by ISDA;
“1995 CSA”	means the English law 1995 version of the Credit Support Annex (Bilateral Form - Transfer) as published by ISDA;
“2001 ISDA Margin Supplement”	means the 2001 ISDA Margin Supplement contained in Appendix A of the 2001 ISDA Margin provisions (as published by ISDA);
“2002 ISDA Master Agreement”	means the English law 2002 version of the Master Agreement as published by ISDA;
“Affected Counterparty”	has the meaning given to such term in paragraph 16.1;
“Agile Markets Long-Form Confirmation”	means, where a counterparty has not entered into an actual ISDA Master Agreement with the Transferor, a Confirmation setting out the terms of a transaction which is subject to an ISDA Master Agreement that is deemed to apply to that transaction by operation of the Agile Markets Terms of Business;
“Agile Markets Short-Form Confirmation”	means an electronic Confirmation which is issued, and agreed, in accordance with an Agile Markets Terms of Business and which constitutes a “Confirmation” within the meaning of an ISDA Master Agreement (and consequently forms part of that ISDA Master Agreement) but excluding an Agile Markets Long-Form Confirmation;
“Agile Markets Terms of Business”	means the terms and conditions published by the Transferor and the Transferee from time to time for the use of “ <i>Agile Markets</i> ”, an electronic platform used for foreign exchange derivative transactions;
“All Monies Rights”	means all rights providing for a Right in Security given in connection with obligations under a Transferring Arrangement, Replicated Arrangement or a NWM plc Existing Arrangement to secure, in addition to obligations under that Transferring Arrangement, Replicated Arrangement or NWM plc Existing Arrangement, obligations arising under any other

Transferring Arrangement, Replicated Arrangement or NWM plc Existing Arrangement;

“Ancillary Documents”

means:

- (a) each document referred to in an ISDA Master Agreement as a “*Credit Support Document*”;
- (b) each guarantee, account control agreement or other control agreement not included in paragraph (a) above;
- (c) each ISDA Protocol Agreement; and
- (d) any agreement in, or substantially in, the form of the “*ISDA/FIA EMIR Reporting Delegation Agreement*” published by ISDA and the FIA, Inc. (formerly the FOA) from time to time and any other agreement entered into to achieve substantially the same effect or purpose;

“Applicable Arrangements”

means all, or any, of Excluded Arrangements, NatWest Remaining Arrangements, Transferring Arrangements and Replicated Arrangements;

“Arrangement”

means any arrangement made with, or offered or issued by or on behalf of the Transferor, whether or not in writing, including any agreement, invitation to treat, offer, contract, deed, instrument, letter of credit, Encumbrance, Right in Security, Title Transfer Collateral Arrangement, indemnity, indenture, or trust document (including any variations, modifications, amendments, restatements or other supplements thereto);

“Asset”

means every right, title, interest, entitlement, property and power of every description, whether under, or in connection with, an Arrangement, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed and whether held alone or jointly, as nominee, agent, trustee, custodian, or in a similar fiduciary capacity;

“Authority”

has the meaning given to that term in paragraph 7.4.1;

“Business Day”

means a day (other than a Saturday or Sunday or public holiday) on which banks in the UK are open for the transaction of normal banking business;

“Category 1 Arrangements”

means, at the Effective Time, all Arrangements between the Transferor and a Category 1 Counterparty in connection with an Eligible Derivative Transaction and/or an Excluded Derivative Transaction;

“Category 1 Counterparty”

means an Opt-Out Counterparty with no Transferring Derivative Transactions;

“Category 2 Arrangements”

means the following Arrangements between the Transferor and a Category 2 Counterparty:

- (a) any:
 - (i) ISDA Short-Form Confirmations;
 - (ii) ISDA Long-Form Confirmations;
 - (iii) RBS Standalone Derivative Terms;
 - (iv) Agile Markets Short-Form Confirmations; and
 - (v) Agile Markets Long-Form Confirmations,
 in each case, relating to any Remaining Derivative Transactions;
 - (b) any Original Agile Markets Terms of Business;
 - (c) any Original Ancillary Documents;
 - (d) any Original TTCAs; and
 - (e) any Original ISDAs,
- in each case, as applicable, at the Effective Time;

“Category 2 Counterparty” means:

- (a) a counterparty who:
 - (i) has:
 - A.** one or more Eligible Derivative Transactions and that counterparty is an Opt-Out Counterparty; and/or
 - B.** one or more Excluded Derivative Transactions;

AND

- (ii) has:
 - A.** one or more Ineligible Derivative Transactions; and/or
 - B.** one or more Post Opt-Out Date Derivative Transactions;

OR

- (b) a counterparty who:
 - (i) has:
 - A.** one or more Excluded Derivative Transactions;

AND

 - (ii) has:
 - A.** one or more Eligible Derivative Transactions and that counterparty is not an Opt-Out Counterparty; and/or
 - B.** one or more Ineligible Derivative

Transactions; and/or

- C. one or more Post Opt-Out Date
Derivative Transactions;

“Collateral Holder”	means: <ul style="list-style-type: none">(a) in respect of a CSA, the “<i>Transferee</i>” under that CSA; and(b) in respect of a Margin Supplement, the “<i>Taker</i>” under that Margin Supplement in relation to Margin Received;
“Collateral Requirement”	means: <ul style="list-style-type: none">(a) in respect of a CSA, the “<i>Credit Support Amount</i>” under that CSA; and(b) in respect of a Margin Supplement, the “<i>Margin Required</i>” under that Margin Supplement;
“Confirmation”	means the documents, and other confirming evidence, exchanged, or otherwise effective, for the purposes of confirming, or evidencing, a transaction, including: <ul style="list-style-type: none">(a) documents and evidence executed and delivered in counterparts (including by facsimile transmission);(b) an exchange of telexes;(c) an exchange of electronic messages on an electronic messaging system; or(d) an exchange of e-mails;
“Consolidation Rights”	means all rights providing for security given in connection with any Transferring Arrangement, Replicated Arrangement or any NWM plc Existing Arrangement not to be released, or discharged, until obligations have been satisfied in connection with any Transferring Arrangement, Replicated Arrangement or NWM plc Existing Arrangement (in each case, as applicable);
“Counterparty”	means a counterparty (other than any other member of the RBS Group) under any Transferring Arrangement or Replicated Arrangement, in each case, as at the Relevant Date;
“Court”	means the Court of Session in Scotland;
“Credit Support Balance”	means, in respect of a CSA, an Original CSA or a Replicated CSA, the “ <i>Credit Support Balance</i> ” under that CSA, Original CSA or Replicated CSA;
“Cross-Default Rights”	means rights providing for, or entitling, a party to accelerate any payment or other obligations in connection with a Transferring Arrangement, Replicated

	Arrangement or a NWM plc Existing Arrangement as a result of a default under another Transferring Arrangement, Replicated Arrangement or a NWM plc Existing Arrangement;
“CSA”	means any agreement in (or substantially in) the form of a 1995 CSA;
“Derivative Transaction”	means any over-the-counter derivative transactions between the Transferor and a counterparty and governed by one or more of: <ul style="list-style-type: none"> (a) an ISDA Master Agreement; (b) any ISDA Long-Form Confirmation or Agile Markets Long-Form Confirmation; or (c) any RBS Standalone Derivative Terms;
“DP Legislation”	means: <ul style="list-style-type: none"> (a) the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003; (b) the General Data Protection Regulation (2016/679), and any UK legislation implementing, or supplementing, the same in whole or part; and (c) any other similar privacy law;
“Effective Time”	means the time and date on which this Scheme becomes effective in accordance with paragraph 24.1;
“Eligible Collateral”	means: <ul style="list-style-type: none"> (a) in respect of a CSA, “<i>Eligible Credit Support</i>” under that CSA; and (b) in respect of a Margin Supplement, “<i>Eligible Margin</i>” under that Margin Supplement;
“Eligible Derivative Transaction”	means: <ul style="list-style-type: none"> (a) where the counterparty is not classified by the Transferor as an RFI, any Derivative Transaction which is entered into prior to the Opt-Out Date in respect of which the Transferor has determined it would be permitted, as at the Ring-Fencing Effective Date, to be a counterparty under the Relevant Ring-Fencing Legislation without the application of Grandfathering, together with any Grandfathered Interest Rate Derivative Transactions; or (b) where the counterparty is classified by the Transferor as an RFI, any RFI Eligible Derivative Transaction which is entered into

prior to the Opt-Out Date,
but excluding any Excluded Derivative Transactions;
means any:

“Encumbrance”

- (a) mortgage, charge, pledge, assignment in security, lien or any other security interest or encumbrance of any kind, whether legal or equitable, securing any obligation of any person or any other agreement having a similar effect, including any:
 - (i) fixed or floating charge or standard security;
 - (ii) right of set-off or netting arrangement; and
 - (iii) indemnity, guarantee, letter of credit, letter of comfort, letter of support, insurance, warranty, representation or other assurance;
- (b) intercreditor agreement, subordination agreement, postponement agreement or other ranking agreement in connection with the rights and/or obligations of any person or any security interest;
- (c) equalisation agreement, standstill agreement or similar agreement or arrangement;
- (d) option, restriction, right of first refusal, right of pre-emption or any other type of preferential arrangement (including Title Transfer Collateral Arrangements and retention agreements) having a similar effect; and
- (e) other third party right or interest, whether legal or equitable, including in any real or personal property,

to which the Transferor or the Transferee is subject;

“Enforceable Right”

means any right arising under any Transferring Arrangement that:

- (a) becomes exercisable on an actual or potential transfer of a Transferring Arrangement to any transferee which has a lower credit rating issued by any credit rating agency than the credit rating issued by any credit rating agency for the Transferor at such time; and
- (b) constitutes a right to:
 - (i) require the provision of any guarantee or security from a third party in respect of the obligations of the proposed transferee;

- (ii) require the pledging, posting, transfer or setting aside of cash or any other asset to be provided as collateral for the obligations of the proposed transferee;
- (iii) require the transfer of rights and obligations of the Transferor to a third party who is not the potential transferee;
- (iv) require any other action to mitigate the implications of transfer to a lower-rated counterparty; or
- (v) terminate, in whole or in part, the Transferring Arrangement (whether as a result of the transfer or the failure to perform one or more of the actions provided for in paragraphs (i) to (iv) above);

“Equivalent Relevant Collateral”

means, in respect of an Original TTCA, any form of Eligible Collateral under that Original TTCA having a Market Value equal to, or as close as is reasonably practicable to, the Market Value of the Relevant Collateral under that Original TTCA as at the Effective Time;

“Excluded Agency”

means any capacity, role or function of the Transferor as:

- (a) facility agent of the lenders in the context of a syndicated loan agreement or similar NatWest Remaining Arrangement;
- (b) account bank in respect of any facility agent account, or any secured account, that the Transferor holds, may hold or has opened on behalf of any lenders, finance parties or secured parties, or any other parties in respect of the Transferor acting as account bank; and
- (c) security agent, security trustee or a similar fiduciary capacity for, or as representative or nominee of, any secured parties (including where the secured party is the Transferor or members of the RBS Group only) to a NatWest Remaining Arrangement in connection with a Right in Security granted in favour of that secured party, including any secured accounts that the Transferor holds, may hold or has opened on behalf of that secured party;

“Excluded Arrangements”

means any Arrangements which form part of the Excluded Assets or the Excluded Liabilities;

“Excluded Assets”

means the following unless, and to the extent that, the

Transferor and the Transferee otherwise agree in writing prior to the Effective Time:

- (a) any Asset of the Transferor which forms a part of the Treasury Business;
- (b) any Excluded Derivative Transaction Arrangements, including any Excluded Derivative Transactions to which those Arrangements relate, in each case, to the extent they comprise an Asset;
- (c) any Category 1 Arrangements, including any Eligible Derivative Transactions or any Excluded Derivative Transactions to which those Category 1 Arrangements relate, in each case, to the extent that they comprise an Asset;
- (d) any Category 2 Arrangements, including any Remaining Derivative Transactions (but not any Transferring Derivative Transactions) to which those Category 2 Arrangements relate, in each case, to the extent that they comprise an Asset;
- (e) any Shared Security, to the extent that it comprises an Asset;
- (f) any Excluded Collateralised Transactions, to the extent that they comprise an Asset;
- (g) any Excluded Agency;
- (h) any Excluded Intellectual Property;
- (i) any Excluded Proceedings, to the extent that they comprise an Asset;
- (j) any Arrangements with a party which is not a member of the RBS Group in connection with the provision of goods, services, software (including by way of licence) or maintenance, including any Arrangements in connection with the servicing, or maintenance, of computers, IT networks and infrastructure, including servers, communication and telephony systems, platforms and hardware;
- (k) any Intra-Group Arrangements, to the extent that they comprise an Asset;
- (l) any Asset of the Transferor held under, or in connection with, an Arrangement in respect of which the relevant guarantor, or other principal counterparty, is subject to corporate action, legal proceedings or other procedure or step, in a jurisdiction other than England and Wales, Scotland or Northern Ireland, in each case, in connection with the appointment of a liquidator, receiver, administrator, administrative receiver,

compulsory manager or other similar officer, or in respect of which analogous insolvency proceedings have been commenced and are continuing as at the Effective Time;

- (m) the Statutory Records;
- (n) any debt due to the Transferor from, and any claim of the Transferor against, any relevant Tax Authority in respect of Taxation, or any Tax Relief or other Asset in respect of Taxation, other than any Tax Relief which transfers to the Transferee pursuant to Part 22 of the Corporation Tax Act 2010;
- (o) any contract of employment entered into by the Transferor (to the extent it comprises an Asset) with any person employed in connection with the Transferring Business as at the Effective Time;
- (p) any Asset of the Transferor where the Transferor and the Transferee agree in writing, at any time prior to the Effective Time, that such Asset should be excluded from transfer under this Scheme; and
- (q) any Arrangement in respect of the Excluded Assets referred to at paragraphs (a) to (p) above;

“Excluded CB Swap Provider Roles”

means the role of “*Covered Bond Swap Provider*” and the role of “*Interest Rate Swap Provider*”, as each term is defined in the Covered Bond Programme Master Definitions and Construction Agreement (as more fully defined in the First Scheme Document);

“Excluded Collateralised Transactions”

means those transactions which are included in the list provided to the Court prior to the Sanction Hearing on the data stick labelled “*ECT Data Stick*”, as it may be amended in accordance with the terms of this Scheme;

“Excluded Derivative Transaction Arrangements”

means all Arrangements between the Transferor and a counterparty relating to an Excluded Derivative Transaction;

“Excluded Derivative Transactions”

means any Derivative Transactions maturing on or prior to 31 August 2018;

“Excluded Intellectual Property”

means:

- (a) the NatWest Trade Marks;
- (b) any Intellectual Property Rights that are owned by the Transferor;
- (c) any Arrangement licensing, or otherwise granting permission to use, the NatWest Trade Marks and/or any Intellectual Property Rights

owned by the Transferor; and

- (d) any Arrangements with a party which is not a member of the RBS Group licensing, or otherwise granting permission to use, any Intellectual Property Rights to any member of the RBS Group;

“Excluded Liabilities”

means the following unless, and to the extent that, the Transferor and the Transferee otherwise agree in writing prior to the Effective Time:

- (a) any Liability of the Transferor which forms a part of the Treasury Business;
- (b) any Excluded Derivative Transaction Arrangements, including any Excluded Derivative Transactions to which those Arrangements relate, in each case, to the extent they include any Liability;
- (c) any Category 1 Arrangements, including any Eligible Derivative Transactions or any Excluded Derivative Transactions to which those Category 1 Arrangements relate, in each case, to the extent they include any Liability;
- (d) any Category 2 Arrangements, including any Remaining Derivative Transactions (but not any Transferring Derivative Transactions) to which those Category 2 Arrangements relate, in each case, to the extent they include any Liability;
- (e) any Shared Security, to the extent it includes any Liability;
- (f) any Excluded Collateralised Transactions, to the extent they include any Liability;
- (g) any Excluded Agency, to the extent it includes any Liability, and any Liability incurred by the Transferor pursuant to its appointment to an Excluded Agency;
- (h) any Liabilities of the Transferor arising in connection with any Excluded Intellectual Property;
- (i) any Liabilities of RBS plc arising in connection with any Excluded Proceedings;
- (j) any Liabilities of the Transferor arising under any Arrangements with a party which is not a member of the RBS Group in connection with the provision of goods, services, software (including by way of licence) or maintenance, including any Arrangements in connection with the servicing, or maintenance, of computers, IT networks and infrastructure, including servers,

communication and telephony systems, platforms and hardware;

- (k) any Liabilities of the Transferor arising in connection with Intra-Group Arrangements;
- (l) any Liability of the Transferor arising under any Arrangement, in respect of which the relevant guarantor, or other principal counterparty, is subject to corporate action, legal proceedings or other procedure or step in a jurisdiction other than England and Wales, Scotland or Northern Ireland, in each case, in connection with the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer, or in respect of which analogous insolvency proceedings have been commenced and are continuing as at the Effective Time;
- (m) any Liability of the Transferor to any relevant Tax Authority in respect of Taxation;
- (n) any Liability of the Transferor arising under any contract of employment entered into by the Transferor with any person employed in connection with the Transferring Business as at the Effective Time;
- (o) any Liability of the Transferor where the Transferor and the Transferee agree in writing, at any time prior to the Effective Time, that such Liability should be excluded from transfer under this Scheme; and
- (p) any Arrangement in respect of the Excluded Liabilities referred to at paragraphs (a) to (o) above;

“Excluded Proceedings”

means any Proceedings relating to:

- (a) any Category 1 Arrangements, including any Eligible Derivative Transactions or any Excluded Derivative Transactions to which those Category 1 Arrangements relate; and
- (b) any Excluded Derivative Transaction Arrangements, including any Excluded Derivative Transactions to which those Arrangements relate;

“Exposure”

has the meaning given to such term in the relevant Original TTCA;

“FCA”

means the Financial Conduct Authority or such successor governmental department, regulatory authority or other official body from time to time exercising supervisory powers in relation to financial

	services in the UK;
“First RFTS”	means the ring-fencing transfer scheme pursuant to Part VII of FSMA, for the transfer from the Transferee to The Royal Bank of Scotland plc (formerly Adam & Company PLC) and the Transferor of certain personal and business banking businesses and commercial banking businesses of the Transferee, which became effective on 30 April 2018;
“First Scheme Document”	means the document evidencing the terms of the First RFTS;
“FSMA”	means the Financial Services and Markets Act 2000, as amended from time to time;
“Grandfathered Interest Rate Derivative Transaction”	means an Interest Rate Derivative Transaction to which Grandfathering applies;
“Grandfathering”	means the Transferor being permitted, as at the Ring-Fencing Effective Date, to be a counterparty to a Derivative Transaction, solely by virtue of Article 21 of the Financial Services and Markets Act 2000 (Excluded Activities and Prohibitions) Order 2014;
“Income”	means any income, interest, principal, rent, fee, breakage cost, proceeds derived from any indemnity, termination payment, distribution, proceeds derived from any claim, or other sums received thereunder, or in respect of, any proceeds of the sale of, or enforcement under, a Residual Asset, or any other sum, Asset or entitlement recovered, received or arising in respect thereof (including recovered by way of the exercise of set-off rights);
“Ineligible Derivative Transaction”	means any Derivative Transaction entered into prior to the Opt-Out Date which is not an Eligible Derivative Transaction or an Excluded Derivative Transaction;
“Initial Transferring Assets”	means all Transferring Assets, other than any Residual Assets;
“Initial Transferring Liabilities”	means all Transferring Liabilities, other than any Residual Liabilities;
“Intellectual Property Rights”	means trade marks, service marks, logos, get-up, rights in domain names and URLs, patents, rights in inventions, registered and unregistered design rights, copyrights (including rights in software), database rights, semiconductor topography rights and any and all other similar proprietary rights in any part of the world, including, where such rights are obtained, or enhanced, by registration, any registration of such rights and applications and rights to apply for registrations;

- “Intercreditor Agreement”** means the intercreditor agreement entered into or to be entered into, with effect from the Effective Time, between the Security Trustee, the Transferee and certain other members of the RBS Group (in the various capacities set out in that agreement);
- “Interest Rate Derivative Transaction”** means any Derivative Transaction which falls into the same class or otherwise shares the same essential characteristics as any interest rate derivative transaction described in paragraphs (a) to (g) below:
- (a) a basis swap, being a transaction in which one party pays periodic amounts of a given currency based on a floating rate and the other party pays periodic amounts of the same currency based on another floating rate, with both rates reset periodically; all calculations are based on a notional amount of the given currency;
 - (b) a cap transaction, being a transaction in which one party pays a single or periodic fixed amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified floating rate that is reset periodically over a specified per annum rate;
 - (c) a collar transaction, being a combination of a cap transaction and a floor transaction where one party is the floating rate payer on the cap transaction and the other party is the floating rate payer on the floor transaction;
 - (d) a floor transaction, being a transaction in which one party pays a single or periodic amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified per annum rate;
 - (e) an interest rate option, being a transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an interest rate either exceeds (in the case of a call option) or is less than (in the case of a put option) a specified strike rate; or
 - (f) an interest rate swap, being a transaction in which one party pays periodic amounts of a given currency based on a specified fixed rate and the other party pays periodic amounts of the same currency based on a specified floating rate that is reset periodically, such as the London inter-bank offered rate; all calculations are based on a notional amount of the given

	currency; and
	(g) any combination thereof;
“Intra-Group Arrangements”	means any arrangement where all parties to the relevant arrangement are members of the RBS Group;
“ISDA”	means the International Swaps and Derivatives Association, Inc.;
“ISDA Long-Form Confirmation”	means a Confirmation, which: <ul style="list-style-type: none"> (a) incorporates (or substantially incorporates) the terms from; or (b) operates as if it is subject to, forming part of or supplemented by, <p>a form of 1992 ISDA Master Agreement or 2002 ISDA Master Agreement which is deemed to apply, with or without (i) elections made in accordance with such form or (ii) modifications to such form;</p>
“ISDA Master Agreement”	means any agreement in (or substantially in) the form of a 1987 ISDA Master Agreement, 1992 ISDA Master Agreement or a 2002 ISDA Master Agreement with or without: <ul style="list-style-type: none"> (a) modifications to that form; (b) an accompanying Schedule (as defined therein); (c) any elections made in accordance with such Schedule (if any); or (d) any Title Transfer Collateral Arrangement;
“ISDA Protocol”	means any protocol published by ISDA including, without limitation: <ul style="list-style-type: none"> (a) the ISDA 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol; (b) the ISDA 2013 EMIR NFC Representation Protocol; and (c) the ISDA 2013 Reporting Protocol;
“ISDA Protocol Agreement”	means: <ul style="list-style-type: none"> (a) any modification of an ISDA Master Agreement effected by the parties adhering to an ISDA Protocol (irrespective of whether that ISDA Protocol is open or closed for adherence as at the Effective Time); and (b) any bilateral agreement effecting a modification to the terms of an ISDA Master Agreement that is substantially similar in effect or purpose to the modification contemplated by an ISDA Protocol but by contractual amendment (instead of by adherence to that ISDA Protocol);

“ISDA Short-Form Confirmation”	means a Confirmation in respect of a transaction governed by an ISDA Master Agreement, which includes an Agile Markets Short-Form Confirmation;
“Liabilities”	means liabilities, debts, Losses, costs, charges, actions, Proceedings, claims, demands, duties, obligations and undertakings of every description, including fines and penalties, whether deriving from contract, common law, statute, complaint, customer compensation or redress or otherwise, whether present or future, actual or contingent, known or unknown, ascertained or unascertained, claimed or unclaimed, disputed or acknowledged and whether related to contracts or other obligations which have been wholly or partly completed or performed and whether owed or incurred severally or jointly and whether owed as principal or surety and, in each case, whether incurred before or after the Effective Time (including accrued Taxation liabilities and regulatory fines);
“Losses”	means all losses, damages, costs and expenses (including legal, experts’ and consultants’ costs and expenses, and costs and expenses of investigation and enforcement), charges, actions, Proceedings, claims (including compensation claims), damages, interest, fines, penalties, awards, judgments, settlements and demands;
“Margin Received”	means the “ <i>Margin Received</i> ” under the relevant Original Margin Supplement;
“Margin Supplement”	means any agreement between the Transferor and any counterparty in (or substantially in) the form of a 2001 ISDA Margin Supplement where Part 3 (<i>Elective Provisions – Title Transfer Approach (English Law)</i>) has been elected in Paragraph 1 (<i>Margin Approach</i>) of that Margin Supplement for the purposes of that agreement;
“Marketing Preference”	has the meaning given to such term in paragraph 13.1.1;
“Market Value”	means, in respect of any Eligible Collateral, the fair market value of that Eligible Collateral at the Effective Time, as determined by the Transferor;
“Maximum Amount”	means the lesser of: <ul style="list-style-type: none"> (a) the Collateral Requirement applicable to the Category 2 Counterparty or the Transferor under the relevant Original TTCA as at the Effective Time, but calculated as if the “<i>Transactions</i>” referred to in the definition of Exposure in that Original TTCA mean the Transferring Derivative Transactions which are

subject to that Original TTCA for that Category 2 Counterparty; and

- (b) the Value of the total Credit Support Balance (in the case of a CSA) or total Margin Received (in the case of a Margin Supplement) as at the Effective Time;

“NatWest Remaining Arrangement”

means any arrangement made with, or offered or issued by or on behalf of the Transferor, whether or not in writing, including any agreement, invitation to treat, offer, contract, deed, instrument, loan, note, letter of credit, facility, bond, commitment, franchise, Encumbrance, Right in Security, loan note, deposit, indemnity, indenture, trust document, lease or licence (including any variations, modifications, amendments, restatements or other supplements thereto), but excluding the Transferring Arrangements, and the Excluded Arrangements;

“NatWest Remaining Assets”

means every right, title, interest, entitlement, property and power of every description, whether under, or in connection with, a NatWest Remaining Arrangement, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed and whether held alone or jointly, as nominee, agent, trustee, custodian, or in a similar fiduciary capacity, but excluding the Transferring Assets and the Excluded Assets;

“NatWest Remaining Business”

means the business carried on by the Transferor immediately prior to the Effective Time, but excluding the Transferring Business, the Excluded Assets and the Excluded Liabilities;

“NatWest Remaining Liabilities”

means the Liabilities of the Transferor arising in connection with the NatWest Remaining Business, to the extent they arise before, or to the extent they relate to a period prior to, the Relevant Date, and whether or not situated in, or governed by the laws of, England and Wales, Scotland or Northern Ireland, including all Liabilities arising under, or in connection with, the NatWest Remaining Arrangements, but excluding the Transferring Liabilities and the Excluded Liabilities;

“NatWest Trade Marks”

means any trade marks, service marks, logos, get-up, URLs or domain names (“**Names**”), in each case, owned or registered by any member of the RBS Group (including any Names that include (in whole or in part) any of the marks ROYAL BANK OF SCOTLAND, RBS, the daisy logo (as represented by EU trade mark registration no. 5617824), NATWEST, NATIONAL WESTMINSTER BANK, HOLTS, CHILD & CO,

	WILLIAMS & GLYN and DRUMMONDS), and any marks which are confusingly similar to, or dilutive of, any of those Names;
“NWM plc Existing Arrangement”	means any arrangement (together with any Encumbrance, Right in Security and/or Title Transfer Collateral Arrangement ancillary to that arrangement) with any counterparty of the Transferee entered into by the NWM plc Existing Business that exists immediately prior to the Effective Time, under which the Transferee has accepted or made, or agreed to accept deposits, make loans, or has provided, or agreed to provide, any derivative or bond commitment, or any guarantee, indemnity, letter of credit, performance bond or other assurance or has provided, or agreed to provide, any other form of finance, in each case, whether secured or unsecured;
“NWM plc Existing Business”	means the business carried on by the Transferee immediately prior to the Effective Time;
“Opt-Out Counterparty”	means a counterparty who has validly elected to exercise (and has not withdrawn) their Opt-Out Rights by delivery of an Opt-Out Notice by the Opt-Out Date to the Transferor, and where the relevant Eligible Derivative Transactions have been validated by the Transferor as being eligible for the exercise of such Opt-Out Rights;
“Opt-Out Date”	means 18 June 2018;
“Opt-Out Notice”	means a written notice in the form set out in Schedule 1 (<i>Non-RFI Opt-Out Notice</i>) or Schedule 2 (<i>RFI Opt-Out Notice</i>), as applicable;
“Opt-Out Rights”	means the right of a counterparty to elect that all of their Eligible Derivative Transactions shall not transfer to the Transferee under this Scheme;
“Order”	means an order of the Court, <i>inter alia</i> , sanctioning this Scheme, pursuant to sections 111 and 112 of FSMA;
“Original Agile Markets Terms of Business”	means the Agile Markets Terms of Business between the Transferor and a Category 2 Counterparty which, immediately prior to the Effective Time, governs both: <ul style="list-style-type: none"> (a) one or more Transferring Derivative Transactions; and (b) one or more Remaining Derivative Transactions;
“Original Ancillary Documents”	means Ancillary Documents between the Transferor and a Category 2 Counterparty which, immediately prior to the Effective Time, relate to the relevant Original ISDA;

“Original CSA”	means a CSA between the Transferor and a Category 2 Counterparty which, immediately prior to the Effective Time, forms part of the relevant Original ISDA;
“Original ISDA”	means an ISDA Master Agreement between the Transferor and a Category 2 Counterparty which, immediately prior to the Effective Time, governs both: <ul style="list-style-type: none"> (a) one or more Transferring Derivative Transactions; and (b) one or more Remaining Derivative Transactions;
“Original Margin Supplement”	means a Margin Supplement between the Transferor and a Category 2 Counterparty which, immediately prior to the Effective Time, forms part of the relevant Original ISDA;
“Original TTCA”	means an Original CSA or an Original Margin Supplement;
“Post Opt-Out Date Derivative Transaction”	means any Derivative Transaction which is entered into after the Opt-Out Date and which is not an Excluded Derivative Transaction;
“PRA”	means the Prudential Regulation Authority or such successor governmental department, regulatory authority or other official body from time to time exercising prudential regulatory and supervisory powers in connection with financial services in the UK;
“PRA Rulebook”	means the rulebook of the PRA, including those rules relating to Ring-fenced Bodies (as such term is defined in the PRA Rulebook) which come into force on the Ring-Fencing Effective Date;
“Prohibited FX Derivative Transaction”	means: <ul style="list-style-type: none"> (a) each Derivative Transaction which constitutes an “FX Transaction” or a “Currency Option Transaction”, each as defined in the “1998 FX and Currency Option Definitions” published by ISDA, the Emerging Markets Traders Association and The Foreign Exchange Committee; or (b) each Derivative Transaction not within (a) above but which the Transferor determines constitutes, or otherwise has the essential characteristics of, a foreign exchange or a currency option derivative transaction, <p>in each case, in respect of which the Transferor has determined that it would not be permitted, as at the Ring-Fencing Effective Date, to be a counterparty under the Relevant Ring-Fencing Legislation without the application of Grandfathering;</p>

“Proceedings”	means any claim, counterclaim, complaint, petition, suit, appeal or other legal process, whether intended to have interim or final legal effect in connection with its subject matter, before any court, governmental authority, regulatory authority, tribunal, arbitration panel, ombudsman or other body subsisting or empowered by law or regulation or by the provisions of an agreement, excluding any Excluded Proceedings;
“RBS Group”	means The Royal Bank of Scotland Group plc and its subsidiaries and subsidiary undertakings;
“RBS Standalone Derivative Terms”	means the standalone derivatives terms published by the Transferor and the Transferee from time to time, including, in each case, the relevant trade terms;
“Relevant Collateral”	<p>means, in respect of an Original CSA or Original Margin Supplement:</p> <ul style="list-style-type: none"> (a) if the Transferor is the Collateral Holder under that Original CSA, the <i>pro rata</i> amount of each item of Eligible Credit Support (as defined in that Original CSA) which is comprised in the Credit Support Balance of the Category 2 Counterparty under that Original CSA as at the Effective Time; (b) if the Category 2 Counterparty is the Collateral Holder under that Original CSA, the <i>pro rata</i> amount of each item of Eligible Credit Support (as defined in that Original CSA) which is comprised in the Credit Support Balance of the Transferor under that Original CSA as at the Effective Time; (c) if the Transferor is the Collateral Holder under that Original Margin Supplement, the <i>pro rata</i> amount of each item of Eligible Margin (as defined in that Original Margin Supplement) which is comprised in the Margin Received by the Transferor under that Original Margin Supplement as at the Effective Time; or (d) if the Category 2 Counterparty is the Collateral Holder under that Original Margin Supplement, the <i>pro rata</i> amount of each item of Eligible Margin (as defined in that Original Margin Supplement) which is comprised in the Margin Received by that Category 2 Counterparty under that Original Margin Supplement as at the Effective Time, <p>in each case, rounded down (if necessary) to the nearest whole unit of currency (in the case of cash) or the nearest tradeable denomination (in the case of</p>

securities) and having an aggregate Value (under the relevant Original CSA or Original Margin Supplement (as applicable)), equal to or as close as practicable to:

- (i) in the case of paragraph (a) or (b) above, the Relevant Proportion of the Credit Support Balance as at the Effective Time; or
- (ii) in the case of paragraph (c) or (d) above, the Relevant Proportion of the Margin Received as at the Effective Time,

but not exceeding the Maximum Amount;

“Relevant Counterparty”

means those Counterparties which are included in the list provided to the Court prior to the Sanction Hearing on the data stick labelled “*RC Data Stick*”, as it may be amended in accordance with the terms of this Scheme;

“Relevant Date”

means:

- (a) in respect of:
 - (i) an Initial Transferring Asset; or
 - (ii) an Initial Transferring Liability,the Effective Time; and
- (b) in respect of a Residual Asset or a Residual Liability, the applicable Subsequent Transfer Date;

“Relevant Proportion”

means, in respect of an Original TTCA:

- (a) if the Collateral Holder is the Transferor, the proportion (expressed as a decimalised percentage) that **(A.)** bears to **(B.)**, subject to a minimum of zero, where:
 - A.** is equal to the Collateral Requirement applicable to that Category 2 Counterparty under that Original TTCA as at the Effective Time, but calculated as if the “*Transactions*” referred to in the definition of Exposure in that Original TTCA mean the Transferring Derivative Transactions of that Category 2 Counterparty which are subject to that Original TTCA; and
 - B.** is equal to the Collateral Requirement applicable to that Category 2 Counterparty as at the Effective Time in respect of all Derivative Transactions of

that Category 2 Counterparty which are subject to that Original TTCA; or

- (b) if the Collateral Holder is the Category 2 Counterparty, the proportion (expressed as a decimalised percentage) that (C.) bears to (D.), subject to a minimum of zero, where:

C. is equal to the Collateral Requirement applicable to the Transferor under that Original TTCA as at the Effective Time but calculated as if the “*Transactions*” referred to in the definition of Exposure in that Original TTCA mean the Transferring Derivative Transactions of that Category 2 Counterparty which are subject to that Original TTCA; and

D. is equal to the Collateral Requirement applicable to that Transferor as at the Effective Time in respect of all Derivative Transactions of that Category 2 Counterparty which are subject to that Original CSA;

“Relevant Ring-Fencing Legislation”

means:

- (a) Part VII and Part 9B of FSMA;
- (b) Financial Services (Banking Reform) Act 2013;
- (c) Financial Services and Markets Act 2000 (Ring-fenced Bodies and Core Activities) Order 2014;
- (d) Financial Services and Markets Act 2000 (Excluded Activities and Prohibitions) Order 2014;
- (e) Financial Services and Markets Act 2000 (Ring-fenced Bodies, Core Activities, Excluded Activities and Prohibitions) (Amendment) Order 2016; and
- (f) Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015;

“Remaining Derivative Transactions”

means any:

- (a) Excluded Derivative Transactions; and/or
- (b) Eligible Derivative Transactions between an

Opt-Out Counterparty and the Transferor;

“Remaining Lending Arrangements”

means, in connection with a Stapled Hedge/Loan Arrangement, any NatWest Remaining Arrangement where the Transferor is a provider of lending facilities;

“Remaining Secured Liabilities”

means:

- (a) any Secured Liabilities which are, as at the Effective Time, part of the Excluded Assets;
- (b) any Secured Liabilities which are, as at the Effective Time, part of the NatWest Remaining Assets of the NatWest Remaining Business; or
- (c) any future Secured Liabilities which are incurred by a Counterparty or a Relevant Counterparty to the Transferor and/or any other member of the RBS Group which may become a successor or assignee of the Transferor's rights in respect of the Secured Liabilities from time to time (whether or not those Secured Liabilities are incurred prior to the Effective Time),

in each case, which are, or would be, secured or supported by the Shared Security, if this Scheme had not taken effect;

“Replicated Agile Markets Terms of Business”

means new Agile Markets Terms of Business created by this Scheme with effect from the Effective Time between a Category 2 Counterparty and the Transferee, pursuant to paragraph 9 (*Specific Provisions in respect of Opt-Out Rights and Replicated Arrangements*);

“Replicated Ancillary Document”

means a new Ancillary Document created by this Scheme with effect from the Effective Time between a Category 2 Counterparty and the Transferee, pursuant to paragraph 9 (*Specific Provisions in respect of Opt-Out Rights and Replicated Arrangements*);

“Replicated Arrangements”

means the following Arrangements between the Transferee and a Category 2 Counterparty:

- (a) Replicated Agile Markets Terms of Business;
- (b) Replicated Ancillary Documents;
- (c) Replicated CSAs;
- (d) Replicated ISDAs;
- (e) Replicated Margin Supplements; and
- (f) Replicated TTCAs;

“Replicated CSA”

means a new CSA created by this Scheme with effect from the Effective Time between a Category 2 Counterparty and the Transferee pursuant to paragraph 9 (*Specific Provisions in respect of Opt-Out Rights and Replicated Arrangements*);

“Replicated ISDA”	means a new ISDA Master Agreement created by this Scheme with effect from the Effective Time between a Category 2 Counterparty and the Transferee, pursuant to paragraph 9 (<i>Specific Provisions in respect of Opt-Out Rights and Replicated Arrangements</i>);
“Replicated Margin Supplement”	means a new Margin Supplement created by this Scheme with effect from the Effective Time between a Category 2 Counterparty and the Transferee pursuant to paragraph 9 (<i>Specific Provisions in respect of Opt-Out Rights and Replicated Arrangements</i>);
“Replicated TTCA”	means a Replicated CSA or a Replicated Margin Supplement, as applicable;
“Residual Asset”	<p>means all or any part of a Transferring Asset which would be an Initial Transferring Asset, but:</p> <ul style="list-style-type: none"> (a) the Court has declined to order its transfer to the Transferee at the Effective Time; (b) its transfer, or the transfer of any part of it, pursuant to the Order is not recognised as effective and enforceable, by the laws of the jurisdiction in which the Transferring Asset is situated, or which govern that Transferring Asset without further steps being taken; (c) the Transferor and the Transferee agree in writing, at any time prior to the Effective Time, that it would be more conveniently transferred at a later time; (d) the Transferee does not have the regulatory authorisation, permission, or other consent, which it needs to hold the Transferring Asset or perform the Transferring Arrangement; or (e) it comprises any right, proceeds of sale or Income or other accrual or return whatsoever, whether or not in the form of cash, received by the Transferor from time to time after the Effective Time in respect of, or earned on, any Transferring Assets referred to in paragraphs (a) to (d) above, <p>and provided that paragraphs (a) to (e) above are not mutually exclusive;</p>
“Residual Liability”	<p>means all or any part of a Transferring Liability which would be an Initial Transferring Liability but:</p> <ul style="list-style-type: none"> (a) the Court has declined to order its transfer to the Transferee at the Effective Time; (b) its transfer, or the transfer of any part of it,

pursuant to the Order is not recognised as effective and enforceable by the laws of the jurisdiction in which the Transferring Liability is situated, or which govern that Transferring Liability, without further steps being taken;

- (c) the Transferor and the Transferee agree in writing, at any time prior to the Effective Time, that it would be more conveniently transferred at a later time; or
- (d) the Transferee does not have the regulatory authorisation, permission or other consent which it needs to hold the Transferring Liability or perform the Transferring Arrangement,

and provided that paragraphs (a) to (d) above are not mutually exclusive;

“RFI”

means a “*Relevant Financial Institution*”, as defined in the Relevant Ring-Fencing Legislation;

“RFI Eligible Derivative Transaction”

means any Derivative Transaction between the Transferor and a Counterparty who is classified by the Transferor as an RFI and in respect of which Grandfathering applies, other than a Prohibited FX Derivative Transaction;

“Right in Security”

means any:

- (a) mortgage, charge, pledge, assignment in security, lien or any other security interest or encumbrance of any kind, whether legal or equitable, securing any obligation of any person or any other agreement having a similar effect, including any:
 - (i) fixed or floating charge, standard security, right of set-off or netting arrangement; and
 - (ii) indemnity, guarantee, letter of credit, letter of comfort, letter of support, insurance, warranty, representation or other assurance;
- (b) intercreditor agreement, subordination agreement, postponement agreement or other ranking agreement in connection with the rights and/or obligations of any person or any security interest;
- (c) equalisation agreement, standstill agreement or similar agreement or arrangement;
- (d) option, restriction, right of first refusal, right of

	pre-emption or any other type of preferential arrangement (including retention agreements) having a similar effect; and
	(e) other third party right or interest, whether legal or equitable, including in any real or personal property,
	of which the Transferor or the Transferee has the benefit, but excluding any Title Transfer Collateral Arrangement;
“Ring-Fencing Effective Date”	means 1 January 2019 or such other date as the PRA may determine as the date on which the Ring-fenced Bodies part of the PRA Rulebook comes into force;
“Sanction Hearing”	means the final hearing of the Court to sanction this Scheme;
“Scheme”	means this Scheme in its present form or with any modification thereof, or addition thereto, or condition approved, or imposed by, the Court;
“Secured Empty Arrangements”	means any: <ul style="list-style-type: none"> (a) ISDA Master Agreements; (b) Agile Markets Terms of Business; and (c) Ancillary Documents applicable to paragraphs (a) and (b) above, in each case, between the Transferor and a Relevant Counterparty;
“Secured Liabilities”	means the Liabilities of a Counterparty or a Relevant Counterparty which are owed to the Transferor or the Transferee and which are secured, or supported, by a Right in Security;
“Security Trust Arrangements”	means: <ul style="list-style-type: none"> (a) the appointment of the Security Trustee pursuant to this Scheme; and (b) the holding by the Security Trustee of all Shared Security to secure, or support, the Transferring Secured Liabilities and the Remaining Secured Liabilities, on a <i>pari passu</i> basis and otherwise pursuant to the Intercreditor Agreement;
“Security Trustee”	means the Transferor, appointed pursuant to this Scheme, acting as security trustee in respect of the applicable Shared Security pursuant to the Security Trust Arrangements;
“Set-Off Rights”	means all rights arising in connection with Liabilities which may be satisfied by way of set-off, combination or deduction against, or used as payment towards,

Liabilities under any Transferring Arrangement, Replicated Arrangement or NWM plc Existing Arrangement;

“Shared Security”

means any Right in Security granted prior to the Effective Time in respect of both:

- (a) Transferring Secured Liabilities; and
- (b) Remaining Secured Liabilities,

and each such Right in Security shall include any Right in Security expressed to secure present and future liabilities on an “all monies” or similar basis;

“Stapled Hedge/Loan Arrangement”

means any arrangement pursuant to which, as at the Relevant Date, the Transferor and a Counterparty have entered into:

- (a) Remaining Lending Arrangements, as a provider of lending facilities; and
- (b) Transferring Hedging Arrangements as a hedge counterparty,

regardless of whether or not the Transferring Hedging Arrangement, or the Remaining Lending Arrangement, requires that the hedge counterparty also provides lending facilities under the facility agreement;

“Statutory Records”

means all books, files, registers, documents, correspondence, papers and other records (whether in physical, electronic or machine-readable form) that are required by any applicable legal, regulatory or corporate governance requirement (whether or not having the force of law), to be kept and retained in the possession of the Transferor;

“Subsequent Transfer Date”

means, in connection with:

- (a) any Residual Asset or Residual Liability falling within paragraphs (a), (b) and (d) of the definitions of Residual Asset and Residual Liability, either the date on which the Court makes a subsequent order for the transfer of the Residual Asset or Residual Liability or the first date on which there remains no impediment to the transfer of that Residual Asset or Residual Liability;
- (b) any Residual Asset or Residual Liability falling within paragraph (c) of the definitions of Residual Asset and/or Residual Liability, the date or dates on which the Transferor and the Transferee agree that such Residual Asset and/or Residual Liability should be transferred;

and

- (c) any other Residual Asset falling within paragraph (e) of the definition of Residual Asset, the date on which such Residual Asset is vested in, or received by, the Transferor,

provided always that the Transferor and the Transferee may agree that a Residual Asset and/or Residual Liability may be transferred on any other date on or after the Effective Time;

“Taxation”

means all forms of taxation, whether direct or indirect and whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or other reference and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions, rates and levies (including social security contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding of or deduction for, or on account of tax, or otherwise), and in respect of any person and all penalties, charges, costs and interest relating thereto;

“Tax Authority”

means any authority having the power to impose any Liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in connection with Taxation;

“Tax Confirmation”

has the meaning given to such term in paragraph 7.4.5;

“Tax Deduction”

means a deduction, or withholding, for, or on account, of Taxation from a payment under a Transferring Arrangement or Replicated Arrangement;

“Tax Relief”

means any relief, loss, allowance, exemption, set-off, deduction or credit in property or against profits or Taxation;

“Title Transfer Collateral Arrangement”

means any:

- (a) CSA; and
- (b) Margin Supplement;

“Transferee”

means NatWest Markets Plc (formerly The Royal Bank of Scotland plc), a company registered in Scotland with company number SC090312 and whose registered office is at 36 St Andrew Square, Edinburgh EH2 2YB, whether for itself or as a nominee, agent, delegate, trustee, custodian, or in a similar fiduciary capacity;

“Transferor”

means National Westminster Bank Plc, a company registered in England with company number 929027 and whose registered office is at 135 Bishopsgate,

London EC2M 3UR, whether for itself or as a nominee, agent, delegate, trustee, custodian, or in a similar fiduciary capacity;

“Transferring Arrangements”

means the Arrangements of the Transferring Business, including any:

- (a) ISDA Master Agreements together with any:
 - (i) ISDA Short-Form Confirmations; and
 - (ii) Title Transfer Collateral Arrangements, each forming part of that ISDA Master Agreement;
- (b) ISDA Long-Form Confirmations;
- (c) Agile Markets Terms of Business;
- (d) Agile Markets Long-Form Confirmations;
- (e) RBS Standalone Derivative Terms; and
- (f) Ancillary Documents applicable to the agreements listed in paragraphs (a) to (e) above,

in each case, entered into between the Transferor and a counterparty in relation to Transferring Derivative Transactions; and

- (g) any Secured Empty Arrangements;

“Transferring Assets”

means the Assets included in the Transferring Business as at the Relevant Date, whether or not situated in, or governed by the laws of, England and Wales, Scotland or Northern Ireland, including:

- (a) all right, title and interest of the Transferor arising under, or in connection with, the Transferring Arrangements;
- (b) the Transferring Goodwill;
- (c) the Transferring Records;
- (d) all cash of the Transferring Business (or equivalent cash in the case of Eligible Collateral); and
- (e) the benefit of the Transferring Claims,

but excluding any Excluded Assets;

“Transferring Business”

means, as at the Relevant Date, the part of the business of the Transferor which comprises the entering into of Derivative Transactions, but excluding any Excluded Assets and any Excluded Liabilities;

“Transferring Claims”

means all claims of the Transferor (whether present or future, actual or contingent) relating to Derivative Transactions entered into prior to the Effective Time

against any person to the extent that they relate to the Transferring Business, but excluding:

- (a) any claim to the extent that it relates to the Excluded Assets or the Excluded Liabilities; and
- (b) any claim against any relevant Tax Authority in respect of Taxation, save to the extent it relates to Tax Reliefs which transfer to the Transferor pursuant to Part 22 of the Corporation Tax Act 2010;

“Transferring Derivative Transaction”

means any:

- (a) Eligible Derivative Transaction between a counterparty who is not an Opt-Out Counterparty and the Transferor; and/or
- (b) Ineligible Derivative Transaction; and/or
- (c) Post Opt-Out Date Derivative Transaction;

“Transferring Goodwill”

means the goodwill of the Transferor in connection with the Transferring Business as at the Effective Time, including the exclusive right for the Transferee to represent itself as carrying on the Transferring Business in succession to the Transferor, but excluding the goodwill attaching to, and represented by, any NatWest Trade Marks;

“Transferring Hedging Arrangements”

means, in connection with a Stapled Hedge/Loan Arrangement, any Transferring Arrangement or Replicated Arrangement where the Transferor is the provider of hedging and/or swap Arrangements;

“Transferring Liabilities”

means the Liabilities of the Transferor arising in connection with the Transferring Business, to the extent they arise before, or to the extent they relate to a period prior to, the Relevant Date, and whether or not situated in, or governed by the laws of, England and Wales, Scotland or Northern Ireland, including all Liabilities arising under, or in connection with, the Transferring Arrangements and Replicated Arrangements, but excluding the Excluded Liabilities;

“Transferring Personal Data”

means the personal data comprised in the Transferring Business in respect of which the Transferor was the data controller immediately prior to the Effective Time;

“Transferring Records”

means the books and records which are in the possession of, or under the control of, the Transferor and which contain information and records relating wholly, or primarily, to the Transferring Business (including the Transferring Assets and the Transferring Liabilities) (whether in physical, electronic or machine readable form), including information relating to any

person and accounting, financial, legal, marketing, sales, management and technical information and correspondence, but excluding the Statutory Records and any other records relating wholly, or primarily, to Taxation;

“Transferring Secured Liabilities”

means:

- (a) any Secured Liabilities which are, as at the Effective Time, part of the Transferring Business or which are incurred under a Replicated Arrangement; or
- (b) any future Secured Liabilities which are incurred by a Counterparty or a Relevant Counterparty to the Transferee and/or any other member of the RBS Group which may become a successor or assignee of the Transferee’s rights in respect of the Secured Liabilities from time to time (whether or not those Secured Liabilities are incurred prior to the Effective Time),

in each case, which are, or would be, secured or supported by the Shared Security, if this Scheme had not taken effect;

“Treasury Business”

means the transactions and activities of the Transferor which, in accordance with the RBS Group policy and practice at the Effective Time, fall or would fall to be recorded in the management accounts of the Transferor as being the transactions and activities of the Treasury Function of the RBS Group and/or the Transferor, including liquidity management derivatives hedging, Excluded CB Swap Provider Roles and own asset securitisation hedging;

“UK”

means the United Kingdom of Great Britain and Northern Ireland;

“URL”

means a “*Uniform Resource Locator*”, commonly referred to as a “web address”;

“Value”

has the meaning given to such term in the relevant Title Transfer Collateral Arrangement; and

“Variation”

has the meaning given to such term in paragraph 29.1.

33.2 In this Scheme:

33.2.1 References to Secured Empty Arrangements shall be construed as both a Transferring Asset and a Transferring Liability for the purposes of this Scheme.

33.2.2 References to:

- (i) a person includes any company, partnership, undertaking, entity or unincorporated association (whether or not having separate legal personality); and
 - (ii) a company shall include any company, corporation or any body corporate, wherever incorporated.
- 33.2.3** The words “*subsidiary*” and “*subsidiary undertaking*” shall have the same meaning as their respective definitions in the Companies Act 2006.
- 33.2.4** References to a statute or statutory provision include:
- (i) that statute or provision as from time to time modified, re-enacted or consolidated, whether before or after the date of this Scheme;
 - (ii) any past statute or statutory provision (as from time to time modified, re-enacted or consolidated) which that statute or provision has directly or indirectly replaced; and
 - (iii) any subordinate legislation made from time to time under that statute or statutory provision.
- 33.2.5** References to one gender include both genders and references to the singular include the plural and vice versa.
- 33.2.6** The word “including” means “including without limitation”.
- 33.2.7** References to this Scheme shall include the Schedules to it and references to paragraphs and to Schedules are to paragraphs of, and the Schedules to, this Scheme.
- 33.2.8** References to any Scottish, or English, legal term shall, in respect of any jurisdiction other than Scotland, England or Wales or Northern Ireland (as applicable), be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.
- 33.2.9** References to “transfer” include (as the context may require) “vest”, “assign”, “assignation”, “assignment”, “dispose”, “disposal”, “convey” and “conveyance”.
- 33.2.10** Headings shall be ignored in the interpretation of this Scheme.
- 33.2.11** The data sticks referred to in the definitions of Excluded Collateralised Transactions and Relevant Counterparty form part of this Scheme.

Schedule 1 Non-RFI Opt-Out Notice



Mr Sample
Street Name
Town Name
County Name
POS COD

Our reference

XX Month 2018

National Westminster Bank Plc Customer Derivatives – Opt-Out Notification

We hereby confirm our agreement to exclude all our Eligible Derivatives transactions entered into with National Westminster Bank Plc ("**NatWest Bank Plc**") from the Ring-fencing Transfer Scheme ("**RFTS**") that (subject to the approval of the Court of Session in Scotland ("**the Court**")) is expected to take effect on 13 August 2018 (the "**Effective Time**"). Please tick box.

Contact name and position held

Telephone number

Email address

Signed

Dated

1. Please complete and return this Opt-Out Notification by 17.00 UK time on 18 June 2018, by email to NatWest Markets Plc at ringfencing@natwestmarkets.com. In the event that we have not received a completed Opt-Out Notification from you by 17.00 UK time on 18 June 2018, and if the Court approves the RFTS, all derivative transactions you have with NatWest Bank Plc (that mature after 31 August 2018) will transfer under the RFTS to NatWest Markets Plc at the Effective Time.
2. An explanation of Eligible Derivatives and the key considerations that you may wish to consider prior to completing this Opt-Out Notification is set out in the enclosed booklet.

Commercial Banking, Hovenden House, Threadneedle Street, London EC2R 8LA.
National Westminster Bank Plc. Registered in England and Wales No. 929027.
Registered Office: 135 Bishopsgate, London EC2M 3UR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

234004102

Schedule 2 RFI Opt-Out Notice



Mr Sample
Street Name
Town Name
County Name
POS COD

Our reference

XX Month 2018

National Westminster Bank Plc Customer Derivatives – Opt-Out Notification

We hereby confirm our agreement to exclude all our RFI Eligible Derivatives transactions entered into with National Westminster Bank Plc (“**NatWest Bank Plc**”) from the Ring-fencing Transfer Scheme (“**RFTS**”) that (subject to the approval of the Court of Session in Scotland (“the **Court**”)) is expected to take effect on 13 August 2018 (the “**Effective Time**”). Please tick box.

Contact name and position held

Telephone number

Email address

Signed

Dated

1. Please complete and return this Opt-Out Notification by 17.00 UK time on 18 June 2018, by email to NatWest Markets Plc at ringfencing@natwestmarkets.com. In the event that we have not received a completed Opt-Out Notification from you by 17.00 UK time on 18 June 2018, and if the Court approves the RFTS, all derivative transactions you have with NatWest Bank Plc (that mature after 31 August 2018) will transfer under the RFTS to NatWest Markets Plc at the Effective Time.
2. An explanation of RFI Eligible Derivatives and the key considerations that you may wish to consider prior to completing this Opt-Out Notification is set out in the enclosed booklet.

Commercial Banking, Houblon House, Threadneedle Street, London EC2R 8LA.
National Westminster Bank Plc, Registered in England and Wales No. 929027.
Registered Office: 135 Bishopsgate, London EC2M 3UR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

234004157

IN THE COURT OF SESSION
SCOTLAND

No. [●]