

RBS International Structured Deposits

# Market Range Deposit - Issue 2

A capital protected product designed to  
provide returns linked to the UK stock market



# Before everything, here is our promise to you...

These are our Customer Promises. This is a serious commitment to you, our customer. These Promises are at the heart of our culture and every single member of our team has committed to them. We want everyone to know what we stand for and why. We want to be judged on our ability to deliver the sort of service that makes a real difference to you.

Our Promises are based on the things you have told us are important to you and we want to be judged, by you, on how well we deliver these Promises to you. One thing you can be sure of, you will notice the difference.



## Promise 1

### **I listen, understand and respond to your needs**

I take time to understand individual circumstances and needs

I suggest the best options to meet your needs



## Promise 2

### **I do what I say**

I am committed to getting things right, first time

I work to an agreed timeframe and keep you informed of progress

I explain how decisions are made



## Promise 3

### **I act where problems arise**

I act quickly to resolve matters and will provide you with a dedicated contact

If things do go wrong, I'll put them right and say sorry

I learn from problems to improve things for the future



# Market Range Deposit Overview

Given the ongoing uncertainty in the financial markets, earning a positive return linked to the growth of the FTSE 100 Index might be viewed as challenging. However, accruing a return daily as long as the UK stock market remains within a specified range might be a way of generating a positive return during these uncertain periods.

The Market Range Deposit (the “Account”) is a four year structured deposit that has been designed to pay an accrued annual return between a minimum of 0% and up to a maximum of 6%, which is calculated based on the number of Business Days the FTSE 100 Index (the “Index”) closes within a Specified Range, which is explained on page 5 and 6.

Your initial deposit (the “Deposit”) is with The Royal Bank of Scotland International Limited (the “Bank”) and is 100% capital protected provided you hold it until the Maturity Date (subject to the Risk Factors described at the bottom of the page). This

means that the Bank will be obliged to pay back your Deposit provided you hold it until the Maturity Date. In the unlikely event that the Bank defaults or becomes insolvent, you may lose some, or all of your Deposit.

In addition to your Account, a Structured Deposit Cash Management Account (the “SDCMA”) must be maintained with the Bank, in the same name as your Account. If you do not have a SDCMA with the Bank, this will be opened along with your Account. Upon repayment, the maturing Deposit will be transferred to the SDCMA. Both your Account and the SDCMA will be opened and maintained in the Isle of Man.

As your Account is held in the Isle of Man, in the unlikely event that the Bank defaults or becomes insolvent, you would not be afforded protection under the UK’s Financial Services Compensation Scheme. However, you may be afforded the protection of the Isle of Man Depositors’ Compensation Scheme as set out in the Depositors’ Compensation Scheme Regulations 2010. The Bank is regulated in the Isle of Man, Jersey and Guernsey and is outside the jurisdiction of the UK. Capitalised terms used in this brochure are defined in the Terms and Conditions section on page 11.

## **i** Risk factors

**Insolvency risk (counterparty risk)** - in the unlikely event that the Bank defaults or becomes insolvent, you may lose some, or all, of your Deposit.

**Early closure of Account risk** – if you close the Account before the Maturity Date, the return of your Deposit is not protected and will reflect investment conditions prevailing at the time. You will receive the Redemption Value less an administrative charge of £250 which may be less than your Deposit.

See ‘Your Questions Answered’ on page 9 for key risk factors.

# Market Range Deposit Overview

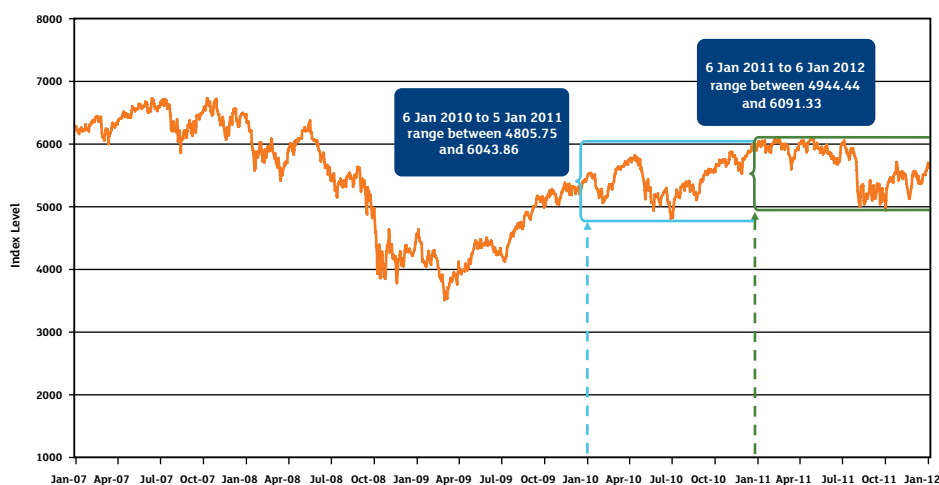
## What is the FTSE 100 Index?

The FTSE 100 Index is an index of the largest 100 UK companies, by Market Capitalisation (calculated by multiplying the number of shares of a company by its share price to give its size), listed on the London Stock Exchange. These 100 companies represent approximately 84.35% of the total market of all UK companies listed on the London Stock Exchange. The Index includes shares of companies such as BP, Vodafone Group, GlaxoSmithKline, Unilever and Tesco. It is the most widely used index for tracking the UK stock market. The Index is maintained by the FTSE Group and was launched on 3 January 1984.

Source: [www.ftse.com](http://www.ftse.com). 30 June 2011.

Following the start of the global financial crisis, the UK stock market (represented by the FTSE 100 Index) reached its lowest point in March 2009, then subsequently rallied dramatically through to the end of 2009. However, since then, most obviously in 2011, the FTSE 100 Index has remained within a tighter range. This can be seen in the chart below of the FTSE 100 Index over the past five years.

FTSE 100 Index



Source: RBS Global Banking & Markets and Bloomberg, 9 January 2012.

Please note that historical economic conditions may differ from those that occur in the future.

The information on this page contains show past performance and past performance is not a reliable indicator of future results.

Period Start Date	04-January-07	04-January-08	05-January-09	05-January-10	05-January-11
Period End Date	03-January-08	02-January-09	04-January-10	04-January-11	04-January-12
FTSE 100 Index High	6732.4	6376.5	5500.34	6013.87	6091.33
FTSE 100 Index Low	5858.9	3780.96	3512.09	4805.75	4944.44
Number of points between Low and High	873.5	2595.54	1988.25	1208.12	1146.89
Percentage increase from Low to High	14.91%	68.65%	56.61%	25.14%	23.20%

# Market Range Deposit Explained

The Market Range Deposit has been designed to give you the opportunity to receive an Annual Return based on the number of Business Days that the FTSE 100 Index closes within the Specified Range during the four year Term. Any Annual Return will be paid to your SDCMA at the end of each year on the relevant Annual Payment Date.

One day's worth of the Annual Return is accrued for every Business Day that the Index closes between 90% and 120% of its Initial Level (the 'Specified Range').

The maximum Annual Return is 6% gross (6% AER) which would be achieved if the Index closed within the Specified Range on every Business Day during the relevant year.

If the Index never closed within the Specified Range on any Business Day during the relevant year, then the Annual Return would be zero, for that year.

The actual Annual Return payable at the end of each year will be determined by dividing the number of Business Days that the Index closed within the Specified Range by the actual number of Business Days that year and then multiplying that figure by 6%.

If the Index never closes within the Specified Range during the four year term then no return will be paid.

AER stands for Annual Equivalent Rate and illustrates the interest rates as if paid and compounded each year.

All interest rates are quoted gross of tax. Gross is the interest rate paid before the deduction of tax.



London  
STOCK EXCHANGE

# Market Range Deposit Explained

## How is the return determined?

For each Business Day in a year the FTSE 100 Index closes within the Specified Range, the Annual Return will accrue. The Annual Return is calculated as follows:

Number of Business Days the Closing Level of the Index is within the Specified Range divided by the number of Business Days in the year x 6%

The maximum Annual Return that can be received each year is 6% gross (6% AER). Any Annual Return will be paid to your SDCMA each year on the relevant Annual Payment Date as follows:

- 20 May 2013 (Annual Return accrued between 17 May 2012 - 16 May 2013)
- 20 May 2014 (Annual Return accrued between 17 May 2013 - 16 May 2014)
- 19 May 2015 (Annual Return accrued between 17 May 2014 - 16 May 2015)
- 18 May 2016 (Annual Return accrued between 17 May 2015 - 16 May 2016)



### Information

Note that the number of Business Days in a year varies from year to year, depending on the number of bank holidays and weekends in the year, however the approximate number of Business Days in a year is 240. This would mean that for every Business Day the Index closes within the Specified Range, the portion of the Annual Return accrued is  $6\% \times 1/240 = 0.025\%$  in this case.

The Specified Range will be determined on the Start Date when the Initial Level of the Index is known.

Purely for illustration, if the initial level of the FTSE 100 Index is 5,250 the Specified Range would be determined as follows:

**Lower level of the range: 90% of 5,250 equates to 4,725**

**Upper level of the range: 120% of 5,250 equates to 6,300**

And using this range to illustrate returns, if in Year 1, the Index closed within this range on 150 Business Days in the year, the Annual Return payable at the end of Year 1 would be  $6\% \times 150/240 = 3.75\%$ .

These figures are just examples. The actual return will depend on the level of the Index from the Start Date until the Maturity Date.

## Example Calculations for Illustration Only:

If the FTSE 100 Index closes at 5,400 on the Start Date, the range for the full term of the deposit would be set between:

90% of 5,400 which is 4,860

120% of 5,400 which is 6,480

The number of business days in each year varies depending on Bank Holidays and weekends.

### A customer makes a £10,000 investment:

**Year 1:** Assume there are 242 business days in the year. The FTSE 100 Index closes within the range on every business day. The annual return paid at the end of year 1 would be 6% as  $6\% \times (242/242) = 6\%$ . The annual return in year 1 would therefore be £600 ( $\text{£}10,000 \times 6\%$ ).

**Year 2:** Assume there are 245 business days in the year. On 105 out of 245 business days, the FTSE 100 Index closes within the range. The annual return paid at the end of year 2 would be  $6\% \times (105/245) = 2.57\%$ . The annual return in year 2 would therefore be £257 ( $\text{£}10,000 \times 2.57\%$ ).

**Year 3:** Assume there are 240 business days in the year. The FTSE 100 Index did not close within the range on any business day. No annual return is paid at the end of year 3 as  $6\% \times (0/240) = 0\%$ .

**Year 4:** Assume there are 240 business days in the year. On 40 out of 240 business days, the FTSE 100 Index closes within the range. The annual return paid at the end of year 4 would be  $6\% \times (40/242) = 1\%$ . The annual return in year 4 would therefore be £100 ( $\text{£}10,000 \times 1\%$ ).

The initial deposit amount of £10,000 would also be returned at the end of year 4.

# Performance Information

Using actual historical data of the FTSE 100 Index, we have calculated the lowest, the highest and the average Annual Returns that would have been generated by this product maturing at the end of each month between January 1988 and January 2012. From a potential four year total return of 24% (4 years x 6% gross per annum) the following would have been achieved:

**Highest total return** – 18.14% gross (4.25% AER) maturing 5 January 1994

**Lowest total return** – 2.77% gross (0.68% AER) maturing 5 January 2005

**Average total return** – 10.00% gross (2.41% AER)

These figures refer to simulated past performance produced using actual historical data. Neither actual past performance nor simulated past performance is a reliable indicator of future results.

Source: RBS Global Banking and Markets, Bloomberg. 9 January 2012.

# Market Range Deposit

## - your questions answered

### What is the Market Range Deposit?

The Market Range Deposit (the Account) is a four year deposit linked to the FTSE 100 Index. Whether or not you receive any return on your Deposit will depend on the performance of the Index over the term of your Account. You'll receive 100% of your Deposit if you keep your money in the Account until the Maturity Date (subject to the risks described below).

### Could I lose my money?

The Account is designed to return your Deposit at the end of the four year Term, irrespective of the performance of the Index. However, you could still lose some, or all, of your Deposit if the Bank defaults or becomes insolvent. See page 9 for more information.

### How do I open an Account?

Simply complete the enclosed application form. Your Account, along with an SDCMA in the same name, if required, will be opened once the application has been returned together with the required documentation.

### What is the minimum deposit amount?

The minimum deposit amount is GBP 10,000.

### Can I add to my Account?

No. You cannot add to or amend your Deposit after the Closing Date for applications.

### Can I close the Account early?

There is no 'cooling off period'. The Account is designed to have a four year Term and we can only ensure your capital is protected if the funds remain in the Account for the Term, though you are always subject to the counterparty risk of the Bank. A request to close your Account prior to the Maturity Date will only be permitted at the Bank's discretion and may mean that you receive less than your Deposit.

Should you wish to close your Account during the Term you will receive the Redemption Value of your Deposit less an administrative charge of £250. An estimate of the Redemption Value can be provided upon request and you will be given the opportunity to withdraw your instruction to close the Account should you wish to do so.

### Will I pay any charges?

All costs are already factored into the Account, so there are no additional fees or charges to pay providing you do not close your Account before the end of the Term.

### What updates will I receive to track the performance of my Account?

You will receive an initial confirmation that your Account has been opened. We will then send you annual updates on the performance of your Account. A separate communication will also be forwarded to you approximately six weeks prior to the Maturity Date.

### What risks do I need to consider before opening an account?

It is important that you consider the following before deciding whether the Account is right for you.

# Market Range Deposit - your questions answered

- The Account has a fixed term of four years and is not suitable if you need easy access to your money or require regular income. If you need to close your Account before the Maturity Date you may not receive back the full amount deposited. Partial withdrawals from the Account are not permitted in any circumstances. There is no cooling off period for you to change your mind and get your money back once your application has been accepted.
  - The use of the word 'protected' in relation to this Account refers only to our obligation to repay your Deposit in full at the Maturity Date, however, if the Bank defaults or becomes insolvent, you may lose some, or all, of your Deposit. The Account is not guaranteed by any third party.
  - As your Account is held in the Isle of Man, in the unlikely event of the Bank defaulting or becoming insolvent, you would not be afforded protection from the UK's Financial Services Compensation Scheme. Your Account and the SDCMA will be opened and maintained in the Isle of Man. As a result, you may be afforded the protection of the Isle of Man Depositors' Compensation Scheme as set out in the Depositors Compensation Scheme Regulations 2010. You can get more information about the Isle of Man Depositors' Protection Scheme at [www.fsc.gov.im/investor/dep\\_comp.xml](http://www.fsc.gov.im/investor/dep_comp.xml)
  - Funds deposited in the Account are not invested directly into the shares of the underlying listed companies of the Index. Instead, your funds are held in a deposit account with the Bank with Annual Returns linked to the performance of the Index. As you do not invest directly in shares, you will not receive any dividend payments.
  - The Index is exposed to equity markets. Prospective customers should understand that investments in instruments relating to equity markets may be negatively affected by global economic, financial and political developments, and that such developments, among other things, may have a material effect on the performance of the Index.
  - The Account is available in Sterling only.
  - Although your Deposit is protected if the Account is held until maturity (subject to the risks described above) the return from the Account may not be as much as if you had invested in a traditional deposit account.
  - Inflation may reduce the purchasing power of your Deposit and any returns that you receive annually and on the Maturity Date.
  - The Annual Return is limited to 6% per annum. If the FTSE 100 Index is always outside the Specified Range, no Annual Return would be paid.
  - More information on how the EUSD affects your accounts can be found in our Guide to the EU Savings Directive or by speaking to your normal point of contact.
  - Please note our understanding is that any return on the Maturity Date from the element of the Account linked to the Index is not currently subject to Exchange of Information. In providing this information we are not acting as tax advisers and we strongly recommend that you seek independent professional advice for your personal circumstances as regards to all aspects of this Deposit.
  - The Bank is not able to advise on any subsequent changes in legislation that may affect the Account or your return from it. It is your responsibility to declare any income and returns to the appropriate tax authorities.
  - The statements above are not intended to be, nor should they be regarded as, legal or tax advice and you should consult your own tax advisor to obtain advice about your particular tax treatment in relation to the Account. Tax treatment depends on your individual circumstances and may be subject to change in the future.
- What happens to my funds between the date on which my Account is opened and the Start Date of the four year Term?**
- Your funds will be placed on deposit until the Start Date and will earn interest at 0.50% below the Bank of England Base Rate, provided that interest will not be less than 0.50%. Any interest earned prior to the Start Date will be added to your initial deposit and the total amount deposited
- What about tax?**
- If you are resident in the European Union (EU) you may be affected by the EU Tax Directive (EUSD).
  - The Bank will automatically exchange information about your identity and residence, the amount of savings income earned and the period it relates to with the tax authorities in the Isle of Man.

# Market Range Deposit - your questions answered

into your Account. You must ensure that there are cleared funds in your Account by 10 May 2012.

## What happens if the Index is outside the Specified Range?

If the Index is outside the Specified Range of any Business Day in a year, the Annual Return accrual for that Business Day would be zero. However, whatever the performance of the Index during the Term of your Account, your Deposit is protected by the Bank against any movements, providing you don't close the Account before the end of the Term. However, note that you are subject to counterparty risk and if the Bank defaults or becomes insolvent, you may lose some, or all, of your Deposit.

## Is the Account right for me?

This Account may be right for you if:

- You are happy to hold your Deposit for the full four years.
- You are looking for the potential to receive an annual return for four years that's dependent on the FTSE 100 Index remaining within the Specified Range.
- You do not want a fixed return.

## Summary box

Account name	Market Range Deposit
Interest Rates (AER)	Up to 6% AER/gross per year
Tax status	Any return is paid gross on the Account
Conditions of bonus payments	Not applicable
Withdrawal arrangements	Full withdrawal permitted at the Bank's discretion, and customers will receive the Redemption Value of their Deposit less an administration charge of £250. Partial withdrawals from the Account are not permitted.
Access	Postal/Branch/Phone.

Nothing in this document or any other information provided to you by the Bank in connection with this Account constitutes advice to you.

## Do I have to apply by a certain date?

The final date that applications can be accepted is 27 April 2012. However, the offer may close early if fully subscribed. Please see the table below for key information.

Currency	GBP
Minimum deposit	GBP 10,000
Offer period	6 February 2012 - 27 April 2012
Closing Date for applications	27 April 2012
Last Date for Funds	10 May 2012
Start Date	17 May 2012
Maturity Date	18 May 2016

# Market Range Deposit - Issue 2

## Terms and Conditions

1. Please note **the Market Range Deposit - Issue 2** is a form of deposit account with The Royal Bank of Scotland International Limited (the "Bank"). Accounts are opened and maintained in the Isle of Man. The use of the word 'protected' in relation to the Account refers only to our obligations to repay your capital in full on the Maturity Date, provided that if the Bank defaults or becomes insolvent, then you may lose some, or all, of your Deposit. The Account is not guaranteed by any other party.

### 2. Our dealings with you

Please read these Terms and Conditions and the Personal or Business Banking Terms and Conditions (as applicable) carefully and keep a copy of them for future reference. They provide you with important information about your Account and the SDCMA and they are the terms of the contract between you and us. When you sign the application form, you agree to the above mentioned Terms and Conditions. The Account is administered by the Bank's Strategic Deposit Unit in the Isle of Man, and you will receive correspondence concerning your Deposit directly from this centre.

### 3. Definitions

**'Account'** means the Market Range Deposit account, a fixed term deposit account linked to the Index, opened and maintained in the Isle of Man.

**'AER'** means the Annual Equivalent Rate. It shows what the interest rate would be if it was paid once each year. This lets you compare interest rates across different accounts and what return you can expect from your savings over time.

**'Annual Payment Dates'** mean for Year 1, 20 May 2013; for Year 2, 20 May 2014; for Year 3, 19 May 2015 and for Year 4, 18 May 2016.

**'Annual Return'** means a maximum return of 6% and a minimum return of 0%, calculated as follows:

$6\% \times \text{number of Business Days the Closing Level of the Index was within the Specified Range} / \text{total number of Business Days in the year}$

**'Business Day'** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London and the Isle of Man and any Scheduled Trading Day that is not a Disrupted Day.

**'Closing Date'** means 27 April 2012, being the last date applications can be accepted.

**'Closing Level'** means the closing level of the Index on every Business Day from and including the Start Date to and including the Expiry Date.

**'Date of Acceptance'** means the date on which we are in possession of both cleared funds and any information and documentation that may be required by us. If any of that documentation or information is not received before the offer is withdrawn or fully subscribed, we may be unable to open the Account for you and any funds received by the Bank will be returned to you in full without interest.

**'Deposit'** means the sum deposited prior to the Start Date together with any interest earned from, and including, the Date of Acceptance to, but excluding, the Start Date.

**'Disrupted Day'** means any Scheduled Trading Day on which the Stock Exchange or any Related Exchange fails to open for trading during its regular trading session, or on which a Market Disruption Event has occurred.

**'Expiry Date'** means 17 May 2016 unless not a Scheduled Trading Day or a Disrupted Day in which case take the next Scheduled Trading Day that is not a Disrupted Day. This is the date on which any additional return will be calculated, subject to condition 16 – "Alterations and amendments"

**'Index'** means the FTSE 100 Index.

**'Initial Level'** means the closing level of the Index on the Start Date. If the Start Date is not a Scheduled Trading Day or is a Disrupted Day, the closing level of the Index will be taken on the next Scheduled Trading Day that is not a Disrupted Day.

**'Last Date for Funds'** means 10 May 2012, the date by which funds must be received.

**'Market Capitalisation'** is calculated by multiplying the number of shares of a company by its share price.

**'Market Disruption Event'** means any material event in relation to limitations on trading in or the ability to obtain market values for the Index or in the futures or options relating to it.

**'Maturity Date'** means 18 May 2016, the date on which the Deposit and any additional return will be repaid. If the Expiry Date is subject to condition 16 – "Alterations and amendments", then the Maturity Date shall be the later of the 18 May 2016 and the tenth Business Day following the Expiry Date.

**'Redemption Value'** means the fair market value of the Deposit, which depends on various factors such as interest rates and the performance of the Index, less any costs relating to the unwinding of any hedging and funding arrangements.

**'Related Exchange'** means each exchange on which options and futures contracts relating to the Index are traded.

**'Scheduled Trading Day'** means any day on which the Index is scheduled to be open for trading.

**'SDCMA'** means a Structured Deposit Cash Management Account. This is a Cash Management Account as detailed within our Personal or Business Banking Terms and Conditions (as applicable) opened with the Bank for repayment of maturing funds and, any additional return and interest earned.

**'Security Details'** means the identifying words, codes and/ or numbers agreed between you and us that are used in the security procedure and for identification purposes.

**'Specified Range'** is the range within which the Closing Level of the Index must fall in order to accrue the Annual Return. This range is all numbers from and including 90% of the Initial Level to and including 120% of the Initial Level.

**'Start Date'** means 17 May 2012.

**'Stock Exchange'** means the London Stock Exchange

**'Term'** means the period from, and including, the Start Date to, and including, the Maturity Date.

**'the Bank', 'we', 'us' and 'our'** each mean The Royal Bank of Scotland International Limited.

**'you', 'your'** means you, the person(s) in whose name the account is opened.

### 4. Availability

- The Account is normally only available to private individuals (aged 18 or over) and trustees of trusts for the benefit of private individuals.
- Applications from other entities may be accepted at the discretion of the Bank and will be subject to different account opening requirements.

### 5. Security procedure

- You must keep your Security Details secret.
- If you suspect someone knows your Security Details you must contact us immediately. If you fail to do so, you will be liable for any unauthorised transactions on your account confirmed by use of the Security Details.
- You must take all reasonable precautions to prevent the fraudulent use of your Security Details.
- You should not record your Security Details in any way, which may result in them becoming known to another person.
- Where a transaction on the Account is confirmed by use of the Security Details but you subsequently show it was not authorised by you, provided you have kept your security details secret, you will not be liable for that unauthorised transaction.

### 6. Refusal of deposits

We reserve the right to refuse a deposit, or decline to open an Account, or require you to withdraw a deposit without giving a reason for such a decision.

### 7. Operations on the Account

- Deposits must be received in GBP.
- The minimum you may deposit in the Account is GBP 10,000.
- All interest rates are quoted gross of tax.
- The Account and the SDCMA, if required, will be opened upon receipt of a valid and correctly completed application form and acceptable supporting documentation.

- This is a limited offer deposit account. Due to the nature of this type of account, the offer may be withdrawn early and without notice if it is fully subscribed. In this event all funds received by the Bank will be returned to you in full without interest. The Account is available on a first come, first served basis.
- Joint depositors are jointly and severally liable.
- If two or more people are named as the customer, the Bank will accept instructions signed by any one, or the survivor, of the persons named as the customer.
- You may not add to the Deposit during the Term, but you may have more than one account at the same time.
- The Bank will not be liable for any changes in market conditions from, and including, the Date of Acceptance to, and including, the Start Date.
- If any of these conditions are invalid, the rest shall remain valid and binding to the fullest extent permitted by law.
- Once the Account has been opened it is not possible to change the name of the Account in which the deposit is held, except in the event of the death of a sole account holder. In the event of death of a joint account holder the title of the Account would pass to the remaining named surviving party/parties to the Account. Further, except in the event of the death of a sole account holder, you may not transfer or assign any of the rights under this Account.

### 8. Interest prior to the Start Date

- The Account will earn interest from, and including, the Date of Acceptance until the Start Date.
- A Deposit will only be accepted by the Bank and begin to earn interest pending the Start Date when all requirements are met as laid out in the application form.
- Any interest earned prior to the Start Date will be added to the initial deposit and the total amount deposited in the Account.
- The current rates of interest applicable to deposits held prior to the Start Date are set out in this document.
- If you are resident in the European Union (EU) you may be affected by the EU Savings Tax Directive (EUSD). The Bank will automatically exchange information about your identity and residence, the amount of savings income earned and the period it relates to with the tax authorities in the Isle of Man.
- More information on how the EUSD affects your accounts can be found in our Guide to the EU Savings Directive or by speaking to your normal point of contact. Please note our understanding is that any return on the Maturity Date from the Account is not currently subject to information exchange. In providing this information we are not acting as tax advisors and we strongly recommend that you seek independent professional advice for your personal circumstances as regards to all aspects of this deposit.
- The Bank is not able to advise on any subsequent changes in legislation that may affect the Account or your return from it.

### 9. Early closure of the Account

- You understand that once you have submitted your signed application you cannot cancel. There is no 'cooling off period', as the Account is reliant on financial markets over which we have no control. However the Bank in its absolute discretion may permit cancellation before the Start Date or early closure of the Account after the Start Date.
- We will require written confirmation before acting on such instructions and will apply an administrative fee of £250 in the event of cancellation or early closure. Please contact the Strategic Deposit Unit direct on 00 44 (0)1624 637127 to understand what information will need to be included within your written confirmation.
- If you close the Account before the Maturity Date, the return of the full amount deposited is not protected and will reflect investment conditions prevailing at the time as calculated by The Royal Bank of Scotland plc, Global Banking & Markets, London. The amount returned may be less than your Deposit.

- In the event of the death of a sole account holder, the Account may be closed at the current value at the time of closure, or may be transferred to the executor (or administrator) or beneficiary of the deceased's estate for the remainder of the Term. If the Account is a joint account and one of the account holder(s) dies, only the survivor(s) will be recognised as having any right to the money in the Account.
- In the event of death of a sole account holder, it will be necessary for the executor (or administrator) of that person's estate to obtain a grant of probate in the Isle of Man before the Bank pays out any monies on the order of such executor (or administrator).
- Should you wish to close your Account during the Term you will receive the Redemption Value of your Deposit less an administrative charge of £250. An estimate of the Redemption Value can be provided upon request and you will be given the opportunity to withdraw your instruction to close the Account should you wish to do so.

#### 10. Annual Returns and return on the Maturity Date

On each Annual Payment Date, you will receive a sum equivalent to the Annual Return due for that year to be paid to the SDCMA. This return is calculated at the end of each of the first 3 years of the Term as:

$6\% \times \text{number of Business Days the Closing Level of the Index was within the Specified Range} / \text{total number of Business Days in the year}$

On the Maturity Date you will receive back a sum equivalent to your Deposit plus any Annual Return due for Year 4, where the return is calculated as:

$6\% \times \text{number of Business Days the Closing Level of the Index was within the Specified Range} / \text{total number of Business Days in Year 4}$

#### 11. Maturity Date

- The Deposit will be transferred to the SDCMA on the Maturity Date. The Bank reserves the right to deduct any charges or fees incurred in complying with any alternative payment instructions.
- Please bear in mind that inflation may have reduced the purchasing power of your deposit by the time it has matured.
- There is no certainty that you will receive over and above the original sum deposited on the Maturity Date.

#### 12. Stock Market disclaimer

- References to particular share indices in any literature are included only to indicate the basis upon which performance is calculated, not to indicate any association between us and the third party index or endorsement of the account by the provider.
- The Account is not in any way sponsored, sold or promoted by any stock exchange, index, related exchange, or index sponsor and they make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the relevant stock market and/or the figure at which the relevant stock market, relevant index or related exchange stands at any particular time on any particular day or otherwise. They shall not be liable (whether in negligence or otherwise) to any person for any error in the relevant stock market, relevant index or related exchange and shall not be under any obligation to advise any person of any error therein.
- Funds deposited in the Account are not invested directly into the shares of the underlying listed companies of the Index. Instead, your funds are held in a deposit account with the Bank with interest on the Maturity Date linked to the performance of the Index. As you do not invest directly in shares, you will not receive any dividend payments.

#### 13. Operations on the SDCMA

FOR FULL TERMS AND CONDITIONS OF THE SDCMA PLEASE REFER TO THE PERSONAL OR BUSINESS BANKING TERMS AND CONDITIONS (AS APPLICABLE) WHICH APPLY TO CASH MANAGEMENT ACCOUNTS. AN SDCMA MUST REMAIN OPEN WHILE YOU HOLD A STRUCTURED DEPOSIT WITH THE BANK.

#### 14. Complaints

If you are not satisfied with any of our products or services, we have a complaints procedure that you can use. A leaflet, giving details of the procedure, is available upon request.

#### 15. Right to set off

Where at any time during the Term of the Account you owe any amount to the Bank and such amount is not repaid to the Bank by you on demand, the Bank shall have an immediately exercisable and inalienable right of set off against your account(s).

#### 16. Alterations and amendments

- Where there is an event beyond the control of the Bank, such as, without limitation: a Market Disruption Event; or any change in the formula or method of calculating the Index; any suspension or limitation on trading on any relevant stock market or related exchange; any replacement of a relevant stock market or index sponsor; any change in the formula or method of calculation of a relevant stock market; any mistake in the calculation of a relevant stock market, any failure by the Index sponsor to calculate and/or announce the Index on any day; then the Bank reserves the right to make such changes to these Terms and Conditions as it deems fair and appropriate.
- We may alter any of these Terms and Conditions on giving you at least 60 days' prior written notice. This notice will contain the date on which the alteration takes effect.

#### 17. Governing law and jurisdiction

Your Account and SDCMA will be opened and maintained in the Isle of Man. As a result, you may be afforded the protection of the Isle of Man Depositors' Compensation Scheme as set out in the Depositors' Compensation Scheme Regulations 2010. Further, the contract between the Bank and you, the customer(s), shall be governed by and construed in accordance with the laws of the Isle of Man. Details of the Isle of Man Depositors' Compensation Scheme can be found at [www.fsc.gov.im/investor/dep\\_comp.xml](http://www.fsc.gov.im/investor/dep_comp.xml)

- The courts of the Isle of Man shall have exclusive jurisdiction to settle any disputes which may arise out of, or in connection with, this contract and accordingly any proceedings arising hereunder may be brought in such court. For the avoidance of doubt the Bank, for its sole benefit, reserves the right to issue proceedings in any other jurisdiction as appropriate or necessary for the protection of its rights hereunder.
- If any of these conditions are invalid, the rest shall remain valid and binding to the fullest extent permitted by law.
- We are not an Authorised Person subject to the rules and regulations made under the UK Financial Services and Markets Act 2000, and therefore deposits made with branches, all of which are outside the UK, are not protected by those rules and regulations covered by the UK Financial Services Compensation Scheme.

#### 18. Your information

##### Who we are

Your Account and SDCMA is with The Royal Bank of Scotland International Limited (the 'Bank'). We are a member of The Royal Bank of Scotland Group (the "Group"). For information about our group of companies, please visit [www.rbs.com](http://www.rbs.com) and click on 'About Us', or for similar enquiries please telephone 00 44 131 556 8555 or Textphone 0845 900 5960.

##### How we use your information and who we share it with

Your information comprises all the details we hold about you and your transactions, and includes information obtained from third parties. We may use and share your information with other members of the Group to help us and them:

- assess financial and insurance risks;
- recover debt;
- prevent and detect crime;
- understand our customers' requirements;
- develop and test products and services

We do not disclose your information to anyone outside the Group except:

- where we have your permission; or
- where we are required or permitted to do so by law; or
- to credit reference and fraud prevention agencies and other companies who provide a service to us or you; or
- where we may transfer rights and obligations under this agreement.

We may disclose your information to government entities or regulatory bodies in order that those entities may discharge their responsibilities and obligations or exercise their powers or functions. We may transfer your information to other countries on the basis that anyone to whom we pass it provides an adequate level of protection. However, such information may be accessed by law enforcement agencies and other authorities to prevent and detect crime and comply with legal obligations. From time to time, we may change the way we use your information. Where we believe you may not reasonably expect such a change, we shall write to you. If you do not object to the change within 60 days, you consent to that change. If you would like a copy of the information we hold about you, please write to your branch. A fee may be payable.

#### 19. Credit reference agencies

We may make periodic searches at credit reference agencies and will provide information to the Group to manage and take decisions about your accounts. This may include information about how you manage your account including your account balance, credit limit and any arrears. We will also provide this information to credit reference agencies, who will make this information available to other organisations so that they can make decisions about you, your associates and members of your household. The information may also be used for tracing purposes.

#### 20. Fraud prevention agencies

If false or inaccurate information is provided and fraud is identified or suspected, details may be passed to fraud prevention agencies. Law enforcement agencies may access and use this information. We and other organisations may

also access and use this information to prevent fraud and money laundering, for example when:

- checking applications for, and managing credit of other facilities and recovering debt;
- checking insurance proposals and claims;
- checking details of job applicants and employees.

We, and other organisations that may access and use information recorded by fraud prevention agencies, may do so from other countries. We can provide the names and addresses of the credit reference and fraud prevention agencies we use if you would like a copy the information held by them. Please contact your branch. The agencies may charge a fee.

The Royal Bank of Scotland International Limited (RBS International). Registered Office: PO Box 64, Royal Bank House, 71 Bath Street St. Helier, Jersey, JE4 8PJ. Regulated by the Jersey Financial Services Commission.

Guernsey business address: PO Box 62, Royal Bank Place, 1 Gategny Esplanade, St. Peter Port, Guernsey, GY1 4BQ. Regulated by the Guernsey Financial Services Commission and licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

Isle of Man business address: Royal Bank House, 2 Victoria Street, Douglas, Isle of Man, IM99 1NJ. Licensed by the Financial Supervision Commission of the Isle of Man and registered with the Insurance and Pensions Authority in respect of general business.

Our services are not offered to any person in any jurisdiction where their advertisement, offer or sale is restricted or prohibited by law or regulation or where we are not appropriately licensed.

This product has not been, nor will be, registered under the United States Securities Act of 1933 and may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a US resident.

RBS International Isle of Man branch is a member of the Depositors' Compensation Scheme as set out in the Depositors' Compensation Scheme Regulations 2010. Our Structured Deposit Accounts are domiciled in the Isle of Man and therefore have the protection of the Isle of Man Depositors Compensation Scheme. Further details of the scheme are available on request.

RBS International is a member of The Royal Bank of Scotland Group. The Royal Bank of Scotland plc - Registered in Scotland No 90312. Registered office: 36 St Andrew Square, Edinburgh, EH2 2YB. The Royal Bank of Scotland plc is authorised and regulated by the Financial Services Authority. The latest report and accounts are available at [www.investors.rbs.com](http://www.investors.rbs.com)

RBS International places funds with other parts of its Group and thus its financial standing is linked to the Group. Depositors may wish to form their own view on the financial standing of RBS International and the Group based on publicly available information. The latest report and accounts are available at [www.rbsinternational.com/financial-results](http://www.rbsinternational.com/financial-results)

RBS International is not an Authorised Person subject to the rules and regulations made under the UK Financial Services & Markets Act 2000, and therefore deposits made with branches, all of which are outside the UK, are not protected by those rules and regulations covered by the UK Financial Services Compensation Scheme.

As at 31 December 2010, RBS International's paid-up capital and reserves exceeded £1,416 million. UK resident depositors may be subject to declaration and taxation of resulting income. AER stands for Annual Equivalent Rate and illustrates the interest rates as if paid and compounded each year. Rates correct as at February 2012. All interest rates are quoted gross of tax.

The use of the word 'protected' in relation to this product refers only to RBS International's obligations to repay your capital in full upon maturity. Our products are not guaranteed by any other party.

Past performance is not necessarily a guide to future performance. The value of investments, and any income from them, can fall as well as rise.

Please bear in mind that inflation may have reduced the purchasing power of your deposit by the time it has matured.

Graphs and figures are used for illustrative and information purposes only. They in no way represent projections of the anticipated or expected performance of relevant products.

The Market Range Deposit is not in any way sponsored, sold or promoted by any stock market, related exchange or index, and they make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the FTSE 100 Index and/or the figure at which the FTSE 100 Index stands at any particular time on any particular day or otherwise. They shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and shall not be under any obligation to advise any person of any error therein.

All information in this promotional literature relating to taxation is for information purposes only and is based upon current legislation, which may change, and the availability and value of any tax relief will depend on your individual circumstances. In providing this information we are not acting as tax advisers and we strongly recommend that you seek independent professional advice if you are in any doubt over your personal circumstances. We shall not be liable for any loss resulting from reliance upon this information.

This brochure must be read in conjunction with the product Terms and Conditions and the application form.

If you are not satisfied with any of our products or services, we have a complaints procedure that you can use. A leaflet, giving details of the procedure, is available from your branch upon request.

Calls may be recorded.