



# MINIs

## Product Disclosure Statement – Part 1



# PDS Part 1 – Key commercial terms

**Date: 21 July 2011**

**This Product Disclosure Statement is provided in two parts:**

**Part 1 – Key commercial terms (“PDS Part 1”), and  
Part 2 – General information (“PDS Part 2”)**

**PDS Part 1 and PDS Part 2 together form the PDS. You should read the entire PDS (i.e. both PDS Part 1 and PDS Part 2), including the Terms (as set out in Section 9 “Terms of the MINIs” of PDS Part 2), before making any investment decision. All references to this PDS are references to the entire PDS, unless PDS Part 1 or PDS Part 2 is specified. PDS Part 2 should be read and construed in conjunction with PDS Part 1 for each Series of MINIs.**

**The Royal Bank of Scotland plc is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). The obligations of The Royal Bank of Scotland plc do not represent deposits or other funds of The Royal Bank of Scotland plc. The obligations of The Royal Bank of Scotland plc are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of The Royal Bank of Scotland plc, and in a winding up you may not receive these amounts.**

This PDS offers one or more Series of warrants (called “MINIs”). The MINIs issued pursuant to this PDS are to be traded on the market operated by ASX Limited (“ASX”) over Underlyings specified in PDS Part 1.

PDS Part 1 sets out the key commercial terms of the MINIs offered under the PDS, including whether they are MINI Long or MINI Short, the relevant Underlyings, Interest Rate, Settlement Currency, FX Hedge feature, Multiplier, Strike Price, Issue Date, Issue Size, Relevant Exchange, initial Stop Loss Level, Strike Price Currency (if not AUD) and ASX codes for each of the relevant Series, each of which may be adjusted in accordance with the provisions of the Terms. For each issue of MINIs, there will be a new PDS Part 1 that must be read in conjunction with PDS Part 2.

PDS Part 2 sets out the general information relevant to the MINIs, including the offer description, risks and benefits associated with the MINIs, tax considerations, description of the Issuer and a copy of the Terms.

No person is authorised by the Issuer to give any information or to make any representations not contained in this PDS. Any information or representation not contained in this PDS must **not** be relied upon as having been authorised by, or on behalf of, the Issuer. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of the MINIs.

No MINIs will be issued on the basis of this PDS after the offer of a Series of MINI closes on the dates specified in PDS Part 1. The Issuer reserves the right to close the offer of any or all Series of MINIs at an earlier time without prior notice.

The meanings of capitalised terms appearing in this PDS are explained in Section 10 “Definitions” in PDS Part 2.

If you have accessed an electronic version of this PDS, the Issuer will send a paper copy of the PDS to you free of charge upon request by calling 1800 450 005.

The Issuer has made an application to the ASX for the admission of each new Series of MINIs to quotation on the ASX.

<b>Issuer:</b>	The Royal Bank of Scotland plc ABN 30 101 464 528, AFSL 241114 (a public limited company incorporated in Scotland)
<b>Date of PDS 1:</b>	21 July 2011
<b>Date of PDS 2:</b>	21 July 2011
<b>Registrar:</b>	Link Market Services Limited
<b>FX Hedge:</b>	Not Applicable
<b>Fixed Exchange Rate:</b>	Not Applicable
<b>Price Source:</b>	ASX
<b>Strike Price Currency:</b>	AUD
<b>Initial Exchange Rate:</b>	Not Applicable
<b>Interest Rate:</b>	9.5% (MINIs Longs) and 1.5% (MINIs Shorts)
<b>Settlement Currency:</b>	AUD
<b>Relevant Exchange:</b>	ASX
<b>Stop Loss Rounding:</b>	2 decimal places
<b>Notional Dividend Amount:</b>	Applicable

### Summary Table of New MINIs – MINI Long

Series	Underlying Shares	Issue Date	Initial Strike Price	Initial Stop Loss	Conversion Ratio	Issue Size
DJSKRA	David Jones Limited	21-Jul-11	\$2.35	\$2.59	1	900,000

### Summary Table of New MINIs – MINI Short

Series	Underlying Shares	Issue Date	Initial Strike Price	Initial Stop Loss	Conversion Ratio	Issue Size
DJSKRP	David Jones Limited	21-Jul-11	\$4.85	\$4.37	1	900,000

## More information in relation to the Securities

Information relating to each Underlying which is an ASX - listed Security can be found on the ASX website and the website for the relevant Security.

## Multiplier

For MINIs with a Multiplier less than 1 only, the value of the MINI will not move on a one-to-one basis with price movements of the Underlying, but will move in proportion with the Multiplier for price movements of the Underlying. For more information please refer to Section 2.6 “The Multiplier” of PDS Part 2.

## How to purchase MINIs

Please read PDS Part 1 and PDS Part 2 in their entirety for further information. PDS Part 1 provides specific terms of this Series of MINIs. PDS Part 2 provides more general information in relation to MINIs.

The initial consideration contributed by potential investors for the MINIs is the Capital Outlay. As the MINI is quoted on the ASX, the Capital Outlay will be quoted on the ASX. For more information please refer to Section 4 “Costs & fees” of PDS Part 2.

If you would like to purchase MINIs or get further information and current pricing, please contact your financial advisor or the Issuer by calling 1800 450 005.

## About RBS

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

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

RBS is a public limited company incorporated in Scotland with registration number SC090312. RBS is regulated by the Financial Services Authority in the United Kingdom and has registered with ASIC as a foreign company with ABN 30 101 464 528. RBS' registered office in Australia is provided in the Directory at the back of PDS Part 2.

As at 31 December 2010, RBS had net assets of GBP 57.607 billion. This figure is updated from time to time at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

The value of the MINIs and the ability of RBS to meet its obligations in respect of the MINIs depends on, among other things, the financial performance of RBS. The obligations of RBS are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of RBS.

Financial information for the RBS Group is available at [www.investors.rbs.com](http://www.investors.rbs.com), however, please note that no other RBS Group entity is guaranteeing the obligations of RBS in respect of the MINIs and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in MINIs. You should instead focus on the financial information relating to RBS itself and not the RBS Group.

Holders must make their own assessment of RBS' ability to meet its obligations in respect of the MINIs. Additional information can be located at the global website, [www.rbs.com](http://www.rbs.com) or the Australian website, [www.rbs.com.au](http://www.rbs.com.au).

### Description of the Underlyings for this Series

The Underlyings are Share Companies listed on ASX.

### Worked Examples

The below worked examples are applicable to the Underlying(s) for the Series of MINIs in this PDS Part 1 only. Only worked examples relating to the relevant type of Underlying of a Series will be included in the PDS. For further information please contact your financial advisor or the Issuer by calling 1800 450 005.

### These worked examples are to be read in conjunction with PDS Part 2.

The below examples are hypothetical only and are not forecasts or simulations of returns or a reference to past performance of the MINIs or relevant Underlyings. The actual returns on the MINIs and the Underlying(s) they reference may be materially different from what is shown in these examples. These examples do not take into account Exchange Rates or Expenses (unless otherwise stated).

### Notes to Worked Examples:

- In the Worked Examples, an Exchange Rate is referenced even where the Underlying is (or the components that comprise the Underlying are) denominated in AUD. In such a case, the Exchange Rate is given a value of \$1.0000 meaning that the value of the MINI will not have any foreign currency exposure on the value of the Underlying (or components that comprise the Underlying) and the reference to Exchange Rate in such an example is included only as a placeholder to illustrate that a MINI will have foreign currency exposure on the value of the Underlying (demonstrated by an Exchange Rate other than \$1.0000) where the Underlying is (or components that comprise the Underlying are) not denominated in AUD.
- In the Worked Examples, the MINI Long Price or MINI Short Price is rounded to 4 decimal places for illustrative purposes only. The buy and sell orders on the ASX for MINI Longs and MINI Shorts will be rounded to 2 decimal places.
- The daily Funding Cost will be added or subtracted daily from the Strike Price. Whether the Funding Cost is added or subtracted is at the Calculation Agent's discretion, be added to, or deducted from, the Strike Price for a MINI (depending on the type of Underlying and the MINI Funding Cost Factors at the relevant time) before trading opens the next day.
- Expenses will not be incurred when investors buy and sell the MINIs on the ASX, but Expenses will be incurred upon exercise of a MINI. In the Worked Examples, unless otherwise specified, it is assumed that Expenses are zero, but investors should note that Expenses may reduce the Cash Amount by up to 20% upon exercise. For more information on Expenses and how they affect the Cash Amount can please refer to Section 2.13 "Expenses" of PDS Part 2.

## Securities

### Worked example: Trading MINIs on ASX

#### Section 2.5 – How do MINIs work

The examples below are hypothetical only and are not a forecast or simulation of returns nor a reference to past performance of the MINIs or relevant Underlyings. The actual returns on the MINIs and the Underlyings they reference may be materially different from what is shown in these examples.

#### Example of a MINI Long (with no FX Hedge feature)

Strike Price	Stop Loss Level	Multiplier	Exchange Rate	Underlying Price
\$22.0000	\$22.50	1	\$1.0000	\$25.00

Value of the MINI Long or Capital Outlay relating to a MINI Long (MINI Long price) =

$[(\text{Underlying Price} - \text{Strike Price}) \times \text{Multiplier}] / \text{Exchange Rate}$

$[(\$25.00 - \$22.0000) \times 1] / \$1.0000 = \$3.0000$

#### Worked example: MINI Long (with no FX Hedge feature)

Underlying: Security

Underlying Price:	\$25.00
Strike Price:	\$22.0000
Exchange Rate:	\$1.0000
Multiplier:	1
Funding Cost per day:	\$0.0057 (Interest Rate of 9.5% p.a.)

**On Day 1**, an investor buys a MINI Long:

Value of MINI Long or Capital Outlay =  $[(\$25.00 - \$22.0000) \times 1] / \$1.0000 = \$3.0000$

**On Day 2**, the daily Funding Cost is added to the Strike Price of the MINI Long as the investor has held the MINI Long for more than 1 day:

Strike Price =  $(\$22.0000 \times 9.5\%) / 365 + \$22.0000 = \$22.0057$

Value of MINI Long or Capital Outlay =  $[(\$25.00 - \$22.0057) \times 1] / \$1.0000 = \$2.9943$

If an investor purchases a MINI Long on Day 1 and holds the MINI Long until the day after they purchased it (Day 2), that Holder will incur a daily Funding Cost which increases the Strike Price and reduces the value of the MINI Long which is held on Day 2.

If a new investor buys a MINI Long on Day 2 (in the above example), such new Holder will not be affected by any Funding Costs incurred on Day 1 and the associated increase in the Strike Price and reduction

in value of the MINI Long, which they would have experienced if they had purchased the MINI Long on Day 1 and held the MINI Long until Day 2. This is because the new Holder buys the MINI Long for the lesser value (or Capital Outlay) of \$2.9943 on Day 2. If this new Holder sells the MINI Long intra-day on Day 2, the Funding Cost will not be applied to increase the Strike Price of the MINI Long on Day 2.

**Example of a MINI Long (with no FX Hedge feature)**

Linked to an Underlying Security - BHP Billiton shares

Action	Units	Multiplier	Underlying Price	Strike Price	Exchange Rate	Value of a MINI Long or Capital Outlay (MINI Long price)	Stop Loss Level	Profit / Loss	% Profit or Loss
<b>Buy</b>	1,000	1	\$25.00	\$22.0000	\$1.0000	\$3.0000	\$22.50		
<b>BHP Billiton shares rise to \$26.00</b>									
Sell (same day)	1,000	1	\$26.00	\$22.0000	\$1.0000	\$4.0000	\$22.50	\$1,000.00	33.33%
Sell (2 weeks)	1,000	1	\$26.00	\$22.0802	\$1.0000	\$3.9198	\$22.50	\$919.80	30.66%
<b>BHP Billiton shares fall to \$24.00</b>									
Sell (same day)	1,000	1	\$24.00	\$22.0000	\$1.0000	\$2.0000	\$22.50	-\$1,000.00	-33.33%
Sell (2 weeks)	1,000	1	\$24.00	\$22.0802	\$1.0000	\$1.9198	\$22.50	-\$1,080.20	-36.01%

The first line in the **Example of a MINI Long (with no FX Hedge feature)** table shows a position of 1,000 MINI Longs, purchased because a Holder expects the BHP Billiton share price to increase. The MINI Long is purchased for a price (i.e. Capital Outlay) of \$3.0000 when the BHP Billiton shares were trading at \$25.00. The Strike Price (i.e. leverage) of the MINI Long is \$22.0000, with a Stop Loss Level at \$22.50.

**BHP Billiton share price rises to \$26.00**

**Buy and sell on the same day:** The second line shows the outcome of a \$1.00 increase in the Underlying Price of BHP Billiton shares to \$26.00 and assumes the Holder sells their MINI Longs on the same day as they were purchased. The MINI Long price has increased to \$4.0000 (reflecting the \$1.00 increase in the Underlying Price of the BHP Billiton shares), and the Strike Price and Stop Loss Levels are unchanged. The sale by the Holder of 1,000 MINI Longs at \$4.0000 has realised a \$1,000.00 profit (1,000 x (\$4.0000 – \$3.0000)), which equates to a 33.33% profit.

**Buy and sell two weeks later:** The third line shows the outcome of a \$1.00 increase in the Underlying Price of BHP Billiton shares to \$26.00 and assumes the Holder sells their MINI Longs two weeks (which includes two weekends), after the date they were purchased. The Strike Price has increased to \$22.0802, to reflect the addition of two weeks' Funding Costs to the initial \$22.0000 Strike Price. The MINI Long price has increased to \$3.9198 (reflecting the \$1.00 increase in the Underlying Price of the BHP Billiton shares and the \$0.0802 increase in the Strike Price). The sale by the Holder of 1,000 MINI Longs at \$3.9198 has realised a \$919.80 profit (1,000 x (\$3.9198 - \$3.0000)), which equates to a 30.66% profit.

**BHP Billiton share price falls to \$24.00**

**Buy and sell on the same day:** The fourth line shows the outcome of a \$1.00 decrease in the Underlying Price of BHP Billiton shares to \$24.00, and assumes the Holder sells their MINI Longs on the same day as they were purchased. The MINI Long price has decreased to \$2.0000 (reflecting the \$1.00 decrease in the Underlying Price of the BHP Billiton shares), and the Strike Price and Stop Loss Levels are unchanged. The sale by the Holder of 1,000 MINI Longs at \$2.0000 has realised a \$1,000.00 loss (1,000.00 x (\$2.0000 – \$3.0000)), which equates to a 33.33% loss.

**Buy and sell two weeks later:** The fifth line shows the outcome of a \$1.00 decrease in the Underlying Price of BHP Billiton shares to \$24.00, and assumes the Holder sells their MINI Longs two weeks (which includes two weekends) after the date were purchased. The Strike Price has increased to \$22.0802, to reflect the addition of two weeks' Funding Costs to the initial \$22.0000 Strike Price. The MINI Long price has decreased to \$1.9198 (reflecting the \$1.00 decrease in the Underlying Price of the BHP Billiton shares and the \$0.0802 increase in the Strike Price). The sale by the Holder of 1,000 MINI Longs at \$1.9198 has realised a \$1,080.20 loss (1,000 x (\$1.9198 – \$3.0000)), which equates to a 36.01% loss.

**Example of a MINI Short (with no FX Hedge feature)**

Strike Price	Stop Loss Level	Multiplier	Exchange Rate	Underlying Price
\$28.0000	\$27.80	1	\$1.0000	\$25.00

**Value of the MINI Short or Capital Outlay relating to a MINI Short (MINI Short price) =**

**[(Strike Price - Underlying Price) x Multiplier] / Exchange Rate**

**[( \$28.0000 - \$25.00 ) x 1 ] / \$1.0000 = \$3.0000**

**Worked example: MINI Short (with no FX Hedge feature)**

Underlying: Security

Underlying Price:	\$25.00
Strike Price:	\$28.0000
Exchange Rate:	\$1.0000
Multiplier:	1
Funding Cost per day:	\$0.0008 (Interest Rate of 1.0% p.a.)
On Day 1, an investor buys a MINI Short: Value of MINI Short or Capital Outlay = $[(\$28.0000 - \$25.00) \times 1] / \$1.0000 = \$3.0000$	
On Day 2, the daily Funding Cost is added to the Strike Price of the MINI Short as the investor has held the MINI Short for more than 1 day: Strike Price = $(\$28.0000 \times 1.0\%) / 365 + \$28.0000 = \$28.0008$ Value of MINI Short or Capital Outlay = $[(\$28.0008 - \$25.00) \times 1] / \$1.0000 = \$3.0008$	

If an investor purchases a MINI Short on Day 1 and holds the MINI Short until the day after they purchased it (Day 2), that Holder will receive a daily Funding Cost which increases the Strike Price and increases the value of the MINI Short which is held on Day 2.

If a new investor buys a MINI Short on Day 2 (in the above example), such new Holder will not be affected by any Funding Costs received on Day 1 and the associated increase in the Strike Price and increase

in value of the MINI Short, which they would have experienced if they had purchased the MINI Short on Day 1 and held the MINI Short until Day 2. This is because the new Holder buys the MINI Short for the greater value (or Capital Outlay) of \$3.0008 on Day 2. If this new Holder sells the MINI Short intra-day on Day 2, the Funding Cost will not be applied to increase the Strike Price of the MINI Long on Day 2.

**Example of a MINI Short (with no FX hedge feature)**

Linked to an Underlying Security - BHP Billiton shares

Action	Units	Multiplier	Underlying Price	Strike Price	Exchange Rate	Value of a MINI Short or Capital Outlay (MINI Short price)	Stop Loss Level	Profit / Loss	% Profit or Loss
Buy	1,000	1	\$25.00	\$28.0000	\$1.0000	\$3.0000	\$27.80		
<b>BHP Billiton shares fall to \$24.00</b>									
Sell (same day)	1,000	1	\$24.00	\$28.0000	\$1.0000	\$4.0000	\$27.80	\$1,000.00	33.33%
Sell (2 weeks)	1,000	1	\$24.00	\$28.0107	\$1.0000	\$4.0107	\$27.80	\$1,010.70	33.69%
<b>BHP Billiton shares rise to \$26.00</b>									
Sell (same day)	1,000	1	\$26.00	\$28.0000	\$1.0000	\$2.0000	\$27.80	-\$1,000.00	-33.33%
Sell (2 weeks)	1,000	1	\$26.00	\$28.0107	\$1.0000	\$2.0107	\$27.80	-\$989.30	-32.98%

The first line in the **Example of a MINI Short (with no FX Hedge feature)** table shows a position of 1,000 MINI Shorts, purchased because a Holder expects the BHP Billiton share price to decrease. The MINI Short is purchased for a price (i.e. Capital Outlay) of \$3.0000 when the BHP Billiton shares were trading at \$25.00. The Strike Price (i.e. leverage) of the MINI Shorts is \$28.0000, with a Stop Loss Level at \$27.80.

**BHP Billiton share price falls to \$24.00**

**Buy and sell on the same day:** The second line shows the outcome of a \$1.00 decrease in the Underlying Price of BHP Billiton shares to \$24.00 and assumes the Holder sells their MINI Shorts on the same day as they were purchased. The MINI Short price has increased to

\$4.0000 (reflecting the \$1.00 decrease in the Underlying Price of the BHP Billiton shares), and the Strike Price and Stop Loss Levels are unchanged. The sale by the Holder of 1,000 MINI Shorts at \$4.0000 has realised a \$1,000.00 profit ( $1,000 \times (\$4.0000 - \$3.0000)$ ), which equates to a 33.33% profit.

**Buy and sell two weeks later:** The third line shows the outcome of a \$1.00 decrease in the Underlying Price of BHP Billiton shares to \$24.00 and assumes the Holder sells their MINI Shorts two weeks (which includes two weekends) after the date they were purchased. The Strike Price has increased to \$28.0107, to reflect the addition of two weeks' Funding Costs to the initial \$28.0000 Strike Price. The MINI Short price has increased to \$4.0107 (reflecting the \$1.00



decrease in the Underlying Price of the BHP Billiton shares and the \$0.0107 increase in the Strike Price). The sale by the Holder of 1,000 MINI Shorts at \$4.0107 has realised a \$1,010.70 profit (1,000 x (\$4.0107 – \$3.0000)), which equates to a 33.69% profit.

#### BHP Billiton share price rises to \$26.00

**Buy and sell on the same day:** The fourth line shows the outcome of a \$1.00 increase in the Underlying Price of the BHP Billiton shares to \$26.00 and assumes the Holder sells their MINI Shorts on the same day as they were purchased. The MINI Short price has decreased to \$2.0000 (reflecting the \$1.00 increase in the Underlying Price of the BHP Billiton shares), and the Strike Price and Stop Loss Levels are unchanged. The sale by the Holder of 1,000 MINI Shorts at \$2.0000 has realised a \$1,000.00 loss (1,000 x (\$2.0000 – \$3.0000)), which equates to a 33.33% loss.

**Buy and sell two weeks later:** The fifth line shows the outcome of a \$1.00 increase in the Underlying Price of the BHP Billiton shares to \$26.00 and assumes the Holder sells their MINI Shorts two weeks (which includes two weekends) after the date they were purchased. The Strike Price has increased to \$28.0107, to reflect the addition of two weeks' Funding Costs to the initial \$28.0000 Strike Price. The MINI Short price has decreased to \$2.0107 (reflecting the \$1.00 increase in the Underlying Price of the BHP Billiton share and the \$0.0107 increase in the Strike Price). The sale by the Holder of 1,000 MINI Shorts at \$2.0107 has realised a \$989.30 loss (1,000 x (\$2.0107-\$3.0000)), which equates to a 32.98% loss.

### Worked Example: MINI Long (with FX Hedge feature)

#### Underlying: Security

Underlying Price:	\$25.00
Strike Price:	\$22.0000
Multiplier:	1
Funding Cost per day:	\$0.0036 (Interest Rate of 6.0% p.a.)
On Day 1, an investor buys a MINI Long:	Value of MINI Long or Capital Outlay = (\$25.00 – \$22.0000) x 1 = \$3.0000
On Day 2, the daily Funding Cost is added to the Strike Price of the MINI Long as the investor has held the MINI Long for more than 1 day:	Strike Price = (\$22.0000 x 6.0%)/365 + \$22.0000 = \$22.0036 Value of MINI Long or Capital Outlay = (\$25.00 - \$22.0036) x 1 = \$2.9964

#### Exchange Rate movement

Value of MINI Long or Capital Outlay, on Day 2 where:

- The AUD/USD Exchange Rate **has moved** from \$1.0000 (on Day 1) to \$0.9000 (on Day 2); and
- there is **no** movement in the Underlying Price

Value of MINI Long or Capital Outlay = (\$25.00 - \$22.0036) x 1 = \$2.9964

Due to the FX Hedge feature and the Fixed Exchange Rate, the movement in the Exchange Rate does not impact the value of the FX Hedged MINI Long or Capital Outlay.

### Worked example: MINI Long

#### Section 2.8 – FX Hedge Feature

This example demonstrates the impact of the AUD/USD Exchange Rate where the Underlying Security is denominated in USD (United States Dollars), the MINI Long is denominated in AUD (Australian Dollars) and the MINI Long has a FX Hedge feature. If the MINI Long has a FX Hedge feature, the Holder will not have a foreign currency exposure – that is, the value of the FX Hedged MINI Long is not affected by foreign exchange rate movements. This worked example assumes that the value of the Underlying Security has been converted from its currency of denomination (USD) to AUD on the Issue Date (using a Fixed Exchange Rate of \$1.0000, where such rate will remain constant until the MINI Long is exercised or otherwise terminated early), such that all values described in this example are expressed in AUD.

#### Example of a MINI Long (with FX Hedge feature)

Strike Price	Stop Loss Level	Multiplier	Underlying Price
\$22.0000	\$22.50	1	\$25.00

Value of the MINI Long or Capital Outlay relating to a MINI Long (MINI Long price) =

(Underlying Price – Strike Price) x Multiplier

(\$25.00-\$22.0000) x 1 = \$3.0000

### Worked example: MINI Short

This example demonstrates the impact of the AUD/USD Exchange Rate where the Underlying Security is denominated in USD (United States Dollars) and the MINI Short is denominated in AUD (Australian Dollars) and the MINI Short has a FX Hedge feature. If the MINI Short has a FX Hedge feature, the Holder will not have a foreign currency exposure – that is, the value of the FX Hedged MINI Short is not affected by foreign exchange rate movements. This worked example assumes that the value of the Underlying Security has been converted from its currency of denomination (USD) to AUD on the Issue Date (using a Fixed Exchange Rate of \$1.0000, where such rate will remain constant until the MINI Short is exercised or otherwise terminated early), such that all values described in this example are expressed in AUD.

#### Example of a MINI Short (with FX Hedge feature)

Strike Price	Stop Loss Level	Multiplier	Underlying Price
\$28.0000	\$27.80	1	\$25.00

Value of the MINI Short or Capital Outlay relating to a MINI Short (MINI Short price) =

(Strike Price – Underlying Price) x Multiplier

(\$28.0000-\$25.00) x 1 = \$3.0000

#### Worked Example: MINI Short (with FX Hedge feature)

Underlying: Security

Underlying Price:	\$25.00
Strike Price:	\$28.0000
Multiplier:	1
Funding Cost per day:	\$0.0015 (Interest Rate of 2.0% p.a.)
On Day 1, an investor buys a MINI Long:	Value of MINI Short or Capital Outlay = ( \$28.0000 – \$25.00 x 1 = \$3.0000
On Day 2, the daily Funding Cost is deducted from the Strike Price of the MINI Short as the investor has held the MINI Short for more than 1 day:	Strike Price = \$28.0000 - (\$28.0000 x 2.0%)/365 = \$27.9985 Value of MINI Short of Capital Outlay = (\$27.9985 - \$25.00) x 1 = \$2.9985

#### Exchange Rate movement

Value of MINI Short or Capital Outlay, on Day 2 where:

- The AUD/USD Exchange Rate **has moved** from \$1.0000 (on Day 1) to \$0.9000 (on Day 2); and
- there is **no** movement in the Underlying Price

Value of MINI Short of Capital Outlay = (\$27.9985 - \$25.00) x 1 = \$2.9985

Due to the FX Hedge feature and the Fixed Exchange Rate, the movement in the Exchange Rate does not impact the value of the FX Hedged MINI Short or Capital Outlay.

**Worked example:****Section 2.11 – Stop Loss**

Example of a Stop Loss Event – MINI Longs (with no FX Hedge feature, Exchange Rate is \$1.0000 and the Multiplier is 1)

Action	Underlying	Underlying Price	Strike Price	Stop Loss Level	Value of MINI Long or Capital Outlay (MINI Long price)
BUY a MINI Long	BHP Billiton shares	\$25.00	\$22.0000	\$22.50	\$3.0000
Day 1	BHP Billiton announces a profit warning.				
	At 11:00 am on Day 1, the Underlying Price of BHP Billiton shares falls below the Stop Loss Level of \$22.50.				
Day 1 at 11:00 am	MINI Long trading is Suspended.				
Rest of Day 1 to 1:00 pm on Day 2	The Issuer unwinds its Hedge Position (on a “best effort” basis) by selling BHP Billiton shares and achieves a fair value price of BHP Billiton shares of \$22.30 (the Stop Loss Termination Reference Price).				
Day 2 at 2:00 pm	Trading in the MINI Long recommences, but Holders can only sell the MINI Long to the Issuer at the Remaining Value.				
Day 3 at 4:00 pm	Trading in the MINI Long ceases.				

Action	Underlying	Strike Price	Stop Loss Termination Reference Price
Close-out	BHP Billiton shares	\$22.0000	\$22.30

**Remaining Value** =  $[(\text{Stop Loss Termination Reference Price} - \text{Strike Price}) \times \text{Multiplier}] / \text{Exchange Rate}$ .

The Exchange Rate is \$1.0000 and the Multiplier is 1, the calculation for the above example is:

**Remaining Value** =  $[(\$22.30 - \$22.0000) \times 1] / \$1.0000$   
= \$0.3000 per MINI Long

Therefore, there is a loss of \$2.70 per MINI Long.

Example of a Stop Loss Event – MINI Shorts (with no FX Hedge feature, Exchange Rate is \$1.0000 and the Multiplier is 1)

Action	Underlying	Underlying Price	Strike Price	Stop Loss Level	Value of MINI Short or Capital Outlay (MINI Short price)
BUY a MINI Short	BHP Billiton shares	\$25.00	\$28.0000	\$27.50	\$3.0000
Day 1	BHP Billiton announces a profit upgrade.				
	At 1:00 pm on Day 1, the Underlying Price of the BHP Billiton shares rises above the Stop Loss Level of \$27.50				
Day 1 at 11:00 am	MINI Short trading is Suspended.				
Rest of Day 1	The Issuer unwinds its Hedge Position (on a “best effort” basis) by buying BHP Billiton shares and achieves a fair value price of BHP Billiton shares of \$27.70 (the Stop Loss Termination Reference Price).				
Day 2 at 2:00 pm	Trading in the MINI Short re-commences, but Holders can only sell the MINI Short to the Issuer at the Remaining Value.				
Day 3 at 4:00 pm	Trading in the MINI Short ceases.				

Action	Underlying	Strike Price	Stop Loss Termination Reference Price
Close-out	BHP Billiton shares	\$28.0000	\$27.70

**MINI Shorts**

**Remaining Value** =  $[(\text{Strike Price} - \text{Stop Loss Termination Reference Price}) \times \text{Multiplier}] / \text{Exchange Rate}$ .

The Exchange Rate is \$1.0000 and the Multiplier is 1, the calculation for the above example is:

**Remaining Value** =  $[(\$28.0000 - \$27.70) \times 1] / \$1.0000$   
= \$0.3000 per MINI Short

Therefore, there is a loss of \$2.70 per MINI Short.

If the Underlying Price on the Relevant Exchange or Price Source:

for a **MINI Long**, falls to a point where the Stop Loss Termination Reference Price for a MINI Long is equal to or less than the Strike Price; or

for a **MINI Short** rises to a point where the Stop Loss Termination Reference Price for a MINI Short is equal to or greater than the Strike Price,

the Remaining Value will be deemed zero (even if it is negative) and Holders will lose their entire Capital Outlay. However, Holders will not have to make any further payments to the Issuer.

If a Holder fails to sell an affected MINI back to the Issuer during the trading window following a Stop Loss Event, the Holder will receive the Remaining Value within ten Business Days of the Suspension of trading in the MINIs (at which time the MINIs expire).

Disclaimer:

The Royal Bank of Scotland plc is a public limited company incorporated in Scotland with registration number SC090312 and is registered in Australia as a foreign company (ABN 30 101 464 528) and is an Australian Financial Services Licensee under the Corporations Act (Licence No. 241114). The broker to The Royal Bank of Scotland plc is RBS Equities (Australia) Limited, a member of the RBS Group. No member of the RBS Group guarantees the performance of the obligations of The Royal Bank of Scotland plc under this PDS. The obligations of The Royal Bank of Scotland plc are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of The Royal Bank of Scotland plc, and in a winding up you may not receive these amounts. The Royal Bank of Scotland plc is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). However, the obligations of The Royal Bank of Scotland plc do not represent deposits or other funds of The Royal Bank of Scotland plc and The Royal Bank of Scotland plc does not stand in any way behind the capital value and/or performance of the MINIs.

No member of the RBS Group, to the maximum extent permitted by law and the ASX Operating Rules, accepts no liability or responsibility whatsoever for any:

- i. direct or indirect loss (including any lost profits); or
- ii. direct, indirect, special, incidental, consequential, punitive, or exemplary damages,

arising from the MINIs or any use of this PDS (or its contents). This PDS is the proprietary information of The Royal Bank of Scotland plc, and may not be reproduced, distributed or published for any purpose without the prior written consent of The Royal Bank of Scotland plc.

In preparing this PDS (which comprises PDS Part 1 and PDS Part 2), The Royal Bank of Scotland plc has not taken into account a Holder's individual objectives, financial situation or particular needs. Before a potential Holder makes an investment decision they should consider the appropriateness of an investment in or advice relating to the MINIs in light of their particular investment needs, objectives and financial circumstances. The Royal Bank of Scotland plc, to the maximum extent permitted by law, accepts no liability or responsibility whatsoever for any loss arising from any use of this PDS or its contents. The Royal Bank of Scotland plc does not accept any liability or responsibility for, and makes no representation or warranty as to the affairs of any Underlying (or the constituents of any Underlying) identified in this PDS. Holders should obtain independent advice on the nature, activities and prospects of the Underlyings and the merits of an investment in the MINIs. Nothing in this PDS is a recommendation by The Royal Bank of Scotland plc, its associates, its related entities or any other person to invest in the MINIs or in the Underlyings.

This PDS has been prepared by The Royal Bank of Scotland plc from publicly available information only. No entity has been a party to its preparation or furnished any information specifically to The Royal Bank of Scotland plc for the purpose of its preparation, except to the extent expressly stated in the PDS. Similarly, information in this PDS concerning an entity has not been independently verified. The Royal Bank of Scotland plc has not used information concerning an entity or its subsidiaries other than that which is in the public domain.

Nothing in this PDS can be relied upon as implying that there has been no change in the affairs of an entity or The Royal Bank of Scotland plc since the dates as at which information is given in this PDS.

No person is authorised by The Royal Bank of Scotland plc to give any information to investors or make any representation not contained in this PDS.

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**To find out more about MINIs,**  
Log on to [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants) or call **1800 450 005**





# MINIs

## Product Disclosure Statement – Part 2





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## PDS Part 2 – Key commercial terms

**Date: 21 July 2011**

**This Product Disclosure Statement is provided in two parts:**

**Part 1 – Key commercial terms (“PDS Part 1”), and  
Part 2 – General information (“PDS Part 2”)**

**PDS Part 1 and PDS Part 2 together form the PDS. You should read the entire PDS (i.e. both PDS Part 1 and PDS Part 2), including the Terms (as set out in Section 9 “Terms of the MINIs” of PDS Part 2), before making any investment decision. All references to this PDS are references to the entire PDS, unless PDS Part 1 or PDS Part 2 is specified. PDS Part 2 should be read and construed in conjunction with PDS Part 1 for each Series of MINIs.**

**The Royal Bank of Scotland plc is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). The obligations of The Royal Bank of Scotland plc do not represent deposits or other funds of The Royal Bank of Scotland plc. The obligations of The Royal Bank of Scotland plc are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of The Royal Bank of Scotland plc, and in a winding up you may not receive these amounts.**

This PDS offers one or more Series of warrants (called “MINIs”). The MINIs issued pursuant to this PDS are to be traded on the market operated by the ASX Limited (“ASX”) over Underlyings specified in PDS Part 1, which is issued by the Issuer during the currency of this PDS.

PDS Part 1 sets out the key commercial terms of the MINIs offered under the PDS, including whether they are MINI Long or MINI Short, the relevant Underlyings, Interest Rate, Settlement Currency, FX Hedge feature, Multiplier, Strike Price, Issue Date, Issue Size, Relevant Exchange, initial Stop Loss Level, Strike Price Currency (if not AUD) and ASX codes for each of the relevant Series, each of which may be adjusted in accordance with the provisions of the Terms. For each issue of MINIs, PDS Part 1 will be re-issued and must be read in conjunction with PDS Part 2.

PDS Part 2 sets out the general information relevant to the MINIs, including the offer description, risks and benefits associated with the MINIs, tax considerations, description of the Issuer and a copy of the Terms.

No person is authorised by the Issuer to give any information or to make any representations not contained in this PDS. Any information or representation not contained in this PDS must **not** be relied upon as having been authorised by, or on behalf of, the Issuer. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of the MINIs.

No MINIs will be issued on the basis of this PDS after the offer of a Series of MINIs closes on the dates specified in PDS Part 1. The Issuer reserves the right to close the offer of any or all Series of MINIs at an earlier time without prior notice.

The meanings of capitalised terms appearing in this PDS are explained in Section 10 “Definitions” in PDS Part 2.

If you have accessed an electronic version of this PDS, the Issuer will send a paper copy of the PDS to you free of charge upon request by calling 1800 450 005.

The Issuer has made an application to the ASX for the admission of each new Series of MINIs to quotation on the ASX.

# Important information

## Issuer

This PDS Part 2 is dated 21 July 2011 and has been prepared and is issued by The Royal Bank of Scotland plc (ABN 30 101 464 528) ("Issuer"). The Issuer holds an Australian financial services licence ("AFSL") No. 241114.

## Definitions

The meanings of all capitalised terms used in this PDS are explained in Section 10 "Definitions" of PDS Part 2.

## Preparation of PDS

This PDS has been prepared by the Issuer from publicly available information only. The issuers or Sponsors of the Underlyings (or any components that comprise an Underlying) have not been a party to its preparation or furnished any information specifically to the Issuer for the purpose of its preparation. Similarly, information in this PDS concerning the Underlyings (or any components that comprise an Underlying) has not been independently verified by the Issuer, and the Issuer will not be held responsible for any inaccuracies.

Neither the Issuer nor any RBS Group entity has any affiliation with the Underlyings or any components that comprise the Underlyings (or their issuers or Sponsors) and have no access to information concerning the Underlyings or any components that comprise the Underlyings (or their issuers or Sponsors) or, where applicable, their subsidiaries, other than that which is in the public domain.

Neither the Issuer nor any RBS Group entity accepts any liability or responsibility for, and make no representation or warranty, express or implied, as to the accuracy, adequacy, reliability, reasonableness or completeness of any information about the issuers or Sponsors of the Underlyings (or the components that comprise the Underlyings) in this PDS. Potential investors should make their own enquiries about the Underlyings (and any components that comprise the Underlyings) as well as their issuers or Sponsors.

The contents of PDS Part 1 and PDS Part 2 are correct as at the dates of PDS Part 1 and PDS Part 2. There may be changes in the affairs of the issuers or Sponsors of the Underlyings (or the components that comprise the Underlyings) since the dates as at which information is given in this PDS. Please refer to "Updated Information", below, for further information.

## Potential conflicts of interest

The Issuer and any RBS Group entity or their Affiliates may currently, or from time to time in the future, engage in business as principal and agent with the issuers or Sponsors of the Underlyings (or any components that comprises an Underlying). Companies in the RBS Group will conduct transactions as principal and as agent in various securities, including MINIs and the Underlying (and any components that comprise the Underlying).

The Issuer and any RBS Group entity and their Affiliates are providers of investment banking and broking services, and may currently or in the future from time to time act as an advisor or broker to one or more of the issuers or Sponsors of the Underlyings (or any components that comprise the Underlyings) for which they may receive fees or commissions.

These activities may have an adverse effect on the value of the Underlyings (or any components that comprise the Underlyings) and, therefore, the value of the MINIs.

RBS has a conflict of interest policy to ensure that it identifies and appropriately manages all conflicts of interest. RBS's conflicts of interest policy relates to its monitoring, prevention and other compliance measures related to the management of conflicts of interest. At all times, RBS attempts to prevent or manage conflicts of interest in accordance with its policy.

For further information please refer to Section 3.18 "Potential conflicts of interest" of this PDS Part 2.

## Description of the Underlyings

The rights and liabilities attaching to the Underlyings (or any components that comprise an Underlying) are set out in the offer/disclosure document(s) (if any) and the constituent documents of the respective Underlyings (or any components that comprise the Underlyings). Potential investors may obtain a copy of these documents by contacting the respective issuer or Sponsor of the Underlying.

## No representation

Nothing in this PDS is, or may be relied upon as, a representation or promise as to the financial performance of the MINIs or an Underlying (or any components that comprise an Underlying) or the business or financial affairs of the Issuer.

No person is authorised by the Issuer to give any information to potential investors or make any representation or warranty not contained in this PDS.

## Jurisdiction

This PDS is not an offer or invitation in relation to MINIs in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this PDS comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

MINIs have not been, and will not be, registered under the Securities Act 1933 (United States of America) and may not be offered or sold in the United States of America or to a citizen, or resident of, or entity created under the laws of, the United States of America or to any

other person or entity within the definition of the term “US Person” under Regulation S, promulgated under the Securities Act 1933.

A transferee of MINIs must not be (a) a U.S. Person; (b) a corporation which is not a U.S. Person in which U.S. Persons hold 10% or more of either voting power or value; (c) a partnership which is not a U.S. Person in which a U.S. Person is a partner; or (d) a trust which is not a U.S. Person whose grantor or any of whose beneficiaries is a U.S. Person. Except with the consent of the Issuer, none of the rights to any MINIs may be owned by, and any rights to any MINIs must not be sold, offered or transferred to, any of the persons enumerated in (a-d) above.

Please refer to Section 10 “Definitions” for the definition of “U.S. Person”.

### Updated information

Information set out in this PDS is subject to change from time to time. Information not materially adverse to investors in the MINIs may be amended without issuing an updated or supplementary PDS. Investors can find this updated information at any time on [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

A paper copy of this PDS (and any supplementary documents) can be obtained free of charge on request by contacting the Issuer on 1800 450 005.

### No personal advice

None of the Issuer or its Affiliates and their directors, officers or employees make any recommendation as to the suitability of the MINIs for any Holder or make any representation or give any assurance as to the performance of the MINIs or any particular rate of overall return. This PDS does not contain personal investment advice.

You should seek your own financial, taxation and investment advice before investing in the MINIs. Before making an investment on the basis of this PDS, you should consider, in conjunction with your financial and taxation advisors, whether an investment in the MINIs is appropriate in view of your particular investment needs, objectives, financial and taxation circumstances. It is important that you read the entire PDS (i.e. both PDS Part 1 and PDS Part 2) before making any decision to invest in the MINIs.

### Risk factors

In considering whether or not to invest in the MINIs, it is important that you consider the risk factors that could affect the financial performance of your investment. **The main risk factors that the Issuer thinks investors should consider are referred to in Section 3 “Risks” of this PDS Part 2.** A summary of the key risks is also provided in Section 1 “What are the benefits and key risks of investing in MINIs?” in PDS Part 2.

### Counterparty Risk

The MINIs are unsecured obligations of the Issuer. The Issuer may not be able to meet its respective obligations under the MINIs. Please see Section 3 “Risks” in PDS Part 2 in relation to counterparty risk.

These obligations are unsecured contractual obligations of RBS and, in the event of an insolvency of RBS, Holders will rank equally with RBS’s other unsecured creditors. RBS’s obligations in respect of the MINIs are not guaranteed by any party.

Investors must make their own assessment of RBS’s ability to meet its obligations in respect of the MINIs.

Financial information for the RBS Group is available at [www.investors.rbs.com](http://www.investors.rbs.com), however, please note that no other RBS Group entity is guaranteeing the obligations of RBS in respect of the MINIs and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in MINIs. You should instead focus on the financial information relating to RBS itself and not the RBS Group.

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

### No cooling off

Please note that cooling off rights do not apply in respect of an investment in the MINIs.

### Ethical considerations

The Issuer does not take into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of any element of the MINIs.

An Underlying (or any components that comprise the Underlying) may or may not take into account any labour standards or social, environmental or ethical considerations. Should a potential investor wish to know whether the Underlying (or any components that comprise the Underlying) takes into account these factors, potential investors should make their own enquiries of the relevant Underlying (or any components that comprise the Underlying).

Please refer to the relevant Underlyings (or any component that comprises the Underlying) offer/disclosure document or to any other information issued by the relevant Underlying issuer or Sponsor.

### Status of this document

This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC.

This is a PDS for the purposes of the ASX Operating Rules.

The Issuer will notify ASIC that this PDS is in-use in accordance with Section 1015D of the Corporations Act. ASIC and the ASX take no responsibility for the contents of this PDS.

### Electronic copy

If you have accessed an electronic version of this PDS, the Issuer will send a paper copy of the PDS to you free of charge upon request by calling 1800 450 005.

### Nature of the MINIs

The MINIs are “warrants” under the Corporations Act. However, the Underlyings may be Securities, Indices, Baskets, Futures Contracts over Commodities, Futures Contracts over Indices, Exchange Rates or Interest Rates. Therefore, MINIs may provide exposure to other kinds of financial products through a variety of Underlyings (and components that comprise the Underlyings).

# 1. What are the benefits and key risks of investing in MINIs?

It is important that you read the entire PDS (i.e. both PDS Part 1 and PDS Part 2) before making any decision to invest.

You should also seek your own financial, taxation and investment advice before investing in the MINIs. Before making an investment on the basis of this PDS, you should consider, in conjunction with your financial and taxation advisors, whether an investment in the MINIs is appropriate in view of your particular investment needs, objectives, financial and taxation circumstances.

## Benefits

The MINIs seek to provide potential investors with the following benefits:

- traded as warrants on the market operated and supervised by the ASX resulting in greater transparency and clarity around processes when compared to over-the-counter financial products;
- no set expiry date or maturity restrictions;
- lock in profits without having to buy or sell Underlyings (where, for example, the Underlying is a Security (or where a Security is a component of an Index or a Basket), a Futures Contract, a Commodity or two relevant currencies that make up an Exchange Rate);
- leveraged participation in the Underlyings (achieved via the Strike Price);
- Funding Costs are only charged or received when a MINI is held overnight so that day traders don't pay or receive intra-day Funding Costs;

- limited recourse leverage (i.e. the Issuer will not require any further payments from a Holder after payment of the initial Capital Outlay) and Stop Loss Levels protect Holders against losing more than their initial Capital Outlay;
- MINI Shorts provide an efficient way to short-sell; and
- no margin requirements (i.e., the Issuer will never request additional payments from Holders, after payment of the initial Capital Outlay, such as that may occur under margin lending arrangements).

## Key Risks

The MINIs are speculative. Some of the significant risks associated with investing in MINIs are outlined below. Like any investment that offers the potential for profit, there is a corresponding potential for loss. Holders should be aware that the MINIs may decrease in value at a greater rate than a direct investment in an Underlying (or any components that comprise the Underlying) (where applicable). Further information on the below listed risks as well as other significant risks and other risks which may be applicable to investing in MINIs are outlined in Section 3 "Risks" in PDS Part 2. Potential investors should ensure that they have closely read Section 3 "Risks" in PDS Part 2 before investing. The Issuer recommends that potential Holders obtain independent financial advice regarding these risks before purchasing the MINIs.

For more information refer to the following sections (all references are to PDS Part 2 unless otherwise stated):

<b>Counterparty risk</b>	The Issuer may not be able to perform its obligations under the Terms. The MINIs are unsecured obligations of the Issuer. The performance by the Issuer of its obligations under the MINIs is not guaranteed by the ASX, the National Guarantee Fund or ASX Clear.	Section 3.3 "Counterparty risk – performance of the Issuer" Section 6 "Description of the Issuer"
<b>Leverage</b>	The leverage provided by investing in MINIs (achieved via the Strike Price) means that the risks of investment may be greater than in the case of an investment of the same amount in the Underlying itself.	Section 2.1 "What are MINIs?" Section 2.5 "How do MINIs work?" Section 2.7 "Calculation of Funding Costs" "Worked Examples" in PDS Part 1 Section 3.1 "Leverage"
<b>Stop Loss</b>	If a Stop Loss Event occurs your investment in the MINIs will expire early and you may not get back your initial Capital Outlay.	Section 2.11 "Stop Loss" Section 3.15 "Stop Loss Event"

<b>General market risks</b>	<p>General movements in local and international stock markets, prevailing and anticipated economic conditions, Holder sentiment, Interest Rates and Exchange Rates could all affect the value of MINIs. These risks are generally applicable to any investment on the ASX or any other stock market.</p> <p>Performance will be influenced by economic and industry conditions affecting the Underlying (and components that comprise the Underlying). In particular investors should understand that an investment in MINIs may be negatively affected by global economic, financial, natural, environmental and political events and developments, and that such events and developments, among other things, may have a material effect on the value of the Underlying (or any components that comprise the Underlying) and, therefore, the MINIs.</p>	Section 3.9 “General market risks”
<b>Funding Costs and Interest Rate</b>	The Issuer has the discretion to increase (including substantially increase) the Interest Rate and the Funding Cost of one or more MINI Series.	<p>Section 2.1 “What are MINIs?”</p> <p>Section 2.5 “How do MINIs work?”</p> <p>Section 2.7 “Calculation of Funding Costs”</p> <p>“Worked Examples” in PDS Part 1</p> <p>Section 3.21 “Funding Costs and Interest Rate”</p>
<b>Issuer discretion</b>	<p>Holders should note that some provisions of the Terms confer discretions on the Issuer. These discretions include the discretion to vary the Strike Price and Interest Rate on each Trading Day, nominate Extraordinary Events, to determine whether there has occurred a material change to the relevant Underlying (or any components that comprise the Underlying) and to terminate the MINIs in whole or in part (e.g. an Issuer Call).</p> <p>The exercise or non-exercise of these discretions could adversely affect the value of the MINIs.</p>	<p>Section 3.10 “Exercise of discretion by the Issuer”</p> <p>Section 9 “Terms of the MINIs” (and in particular clause 10 “Issuer Call”)</p>
<b>Early termination/expiry</b>	The MINIs may terminate/expire early due to, for example, a Stop Loss Event, an Extraordinary Event or an Issuer Call.	<p>Section 2.11 “Stop Loss”</p> <p>Section 2.14 “When do MINIs expire”</p> <p>Section 3.12 “Extraordinary Event”</p> <p>Section 3.15 “Stop Loss Event”</p> <p>Section 3.22 “Adjustment Events”</p> <p>Section 9 “Terms of the MINIs” (and in particular clause 10 “Issuer Call”)</p>
<b>Suspension of warrant trading</b>	Trading of MINIs may be Suspended by the ASX.	Section 3.16 “Suspension of trading or delisting of the MINIs”
<b>Suitability of investors</b>	Each potential investor in a MINI must determine the suitability of that investment in light of their own circumstances.	Section 3.23 “MINIs may not be a suitable investment for all investors”
<b>Change to the Terms</b>	The Issuer may, in certain circumstances, make changes to the Terms which may have an adverse effect on the value of the MINIs.	<p>Section 3.13 “Change to Terms”</p> <p>Section 9 “Terms of the MINIs”</p>

## 2. Product features

### 2.1 What are MINIs?

#### ASX warrant

MINIs are a form of ASX warrant which:

- a. provide leveraged participation (via the Strike Price) to movements in the price of an Underlying without any maturity restriction; and
- b. have the characteristics of a warrant because they can be traded on the ASX like a warrant and can be exercised.

#### Description

Investors can participate in the movement of an Underlying for a fraction of the price of investing directly in the Underlying (or components that comprise the Underlying). However, unlike traditional derivative products such as trading warrants and options, MINIs are not exposed to factors such as option volatility and dividend assumptions commonly associated with traditional derivatives. This is because the price of the MINI is based on a simple relationship between the Underlying Price and the Strike Price (see Section 2.5 “How do MINIs work?” in PDS Part 2). There are two types of MINIs – the MINI Long and the MINI Short. MINI Longs enable leveraged participation (via the Strike Price) in rising markets (they provide the same economic performance as owning the Underlying) and MINI Shorts enable leveraged participation (via the Strike Price) in falling markets (they provide the same economic performance as selling or short-selling the Underlying). In the rest of this PDS, a reference to MINI includes both a MINI Long and a MINI Short. If a particular aspect affects only one MINI type, the PDS will differentiate between the two.

#### Leverage

Importantly, the leverage incorporated in a MINI is limited recourse and features a Stop Loss Level which is intended to ensure that the value of the MINI can never be negative. This gives the Holder peace of mind in knowing that there will never be any more to pay beyond the amount a Holder paid to acquire the MINI (the Capital Outlay). Please refer to Section 2.11 in PDS Part 2 for more details on Stop Loss Levels.

The leverage incorporated in a MINI means that Funding Costs will be incurred or received (please refer to Section 2.7 “Calculation of Funding Costs” in PDS Part 2). These costs are calculated daily and added to, or deducted from, the Strike Price (depending on the type of Underlying and the MINI Funding Cost Factors at the relevant time) for a MINI (please refer to Section 2.5 “How do MINIs work” in PDS Part 2) before trading opens each day. That is, Funding Costs are not charged or received intra-day and investors that buy and sell during the course of a Trading Day (and don’t hold MINIs overnight) will not have to pay, nor will they receive Funding Costs.

The Issuer may retain the Funding Cost for itself or rebate all or part of the Funding Cost to a Holder.

### 2.2 Can I trade MINIs?

Yes, you can. The Issuer has applied to the ASX to admit the MINIs to trading. This means you can buy and sell MINIs on the ASX in the same way as any other warrant or shares.

### 2.3 Can I exercise a MINI?

Yes, you can. A Holder can exercise the MINI (please refer to Section 2.12 “What about exercise of the MINI?” in PDS Part 2) and, for both a MINI Long and MINI Short, receive a cash payment. If a Holder does not exercise a MINI, the Holder can continue to hold the MINI, or trade it on the ASX.

### 2.4 What are the Underlyings?

Details of the Underlying for each Series are set out in PDS Part 1. In general terms, the Underlyings can be:

- a. Securities;
- b. Indices;
- c. Interest Rates;
- d. Futures Contracts over Commodities;
- e. Futures Contracts over Indices (e.g. the DJIA Futures Contract that tracks the Dow Jones Industrial Average);
- f. Futures Contracts over Interest Rates;
- g. Exchange Rates; or
- h. Baskets (e.g. an Underlying that consists of a basket of ASX listed securities).

### 2.5 How do MINIs work?

A MINI is a warrant traded on the ASX which tracks the price of an Underlying. Therefore, if you think that an Underlying Price will go up, you may decide to buy a MINI Long. On the other hand, if you think an Underlying Price will go down, you may decide to buy a MINI Short.

To buy a MINI, you must place an order with your broker in the same way as for any other warrants, and you must pay the Capital Outlay. The Capital Outlay is the price of the MINI and is always very close to the Intrinsic Value. The Intrinsic Value is the difference between the Underlying Price of an Underlying (as determined by the Issuer) on a Business Day and the Strike Price on a Business Day (in respect of a MINI Long) or the difference between the Strike Price on a Business Day and the Underlying Price of an Underlying on a Business Day (in respect of a MINI Short), and will not be less than zero.

The Strike Price (or Financing Level) is the portion of the Underlying Price that the Issuer funds for a MINI (in other words, it is the leverage incorporated into the MINI) and is the amount that a Holder has to pay to the Issuer if the Holder wants to exercise the MINI. Holders can choose between different Strike Prices, providing different levels of leverage.

Therefore, the pricing components of a MINI are as follows:

**Value of a MINI Long or Capital Outlay**  

$$= [(Underlying Price - Strike Price) \times Multiplier] / Exchange Rate$$
  
**= Intrinsic Value**

**Value of a MINI Short or Capital Outlay**  

$$= [(Strike Price - Underlying Price) \times Multiplier] / Exchange Rate$$
  
**= Intrinsic Value**

The above pricing components vary depending on the Underlying and whether or not the MINI is offered as an FX Hedge, as described below.

Where the MINI is offered as an FX Hedge MINI or the Underlying currency is denominated in Australian Dollars, the Exchange Rate will not apply in the formula (above) so that the pricing components of a MINI will be:

**Value of a MINI Long or Capital Outlay**  

$$= (Underlying Price - Strike Price) \times Multiplier$$
  
**= Intrinsic Value**

**Value of a MINI Short or Capital Outlay**  

$$= (Strike Price - Underlying Price) \times Multiplier$$
  
**= Intrinsic Value**

Where the Underlying is denominated in a foreign currency and the MINI is **not** offered as an FX Hedged MINI, the Exchange Rate will apply in the above formula. The Exchange Rate will be the daily spot Exchange Rate for converting the foreign currency in which the Underlying is denominated (as disclosed in PDS Part 1 under "Initial Exchange Rate") into Australian Dollars. The applicable spot Exchange Rate is as determined by the Issuer at the time the Capital Outlay is calculated and at any other time in accordance with the Terms.

The Exchange Rate will vary throughout the Trading Day. The value of a MINI quoted on the ASX will represent the Exchange Rate obtained by the Issuer from a Price Source.

For further information on trading MINIs on the ASX, refer to the worked examples in PDS Part 1.

### Intra-day trading of MINIs

During the course of a Trading Day, you should monitor the Underlying Price and the price of your MINI. If you do not wish the price of your MINI to be adjusted for Funding Costs, you will then sell your MINI before close of trading on the day you purchased the MINI because Funding Costs do not apply if you buy and sell a MINI intra-day.

### Holding MINIs for more than one day

If you decide to keep your MINI until the next Trading Day after you purchased it, the daily Funding Cost will either be added or subtracted daily from the Strike Price. Whether the Funding Cost is added or subtracted from the Strike Price is at the Calculation Agent's discretion (depending on the type of Underlying and the MINI Funding Cost Factors at the relevant time) and will occur before trading opens the next day to reflect the daily Funding Cost for that

MINI. As such, the Strike Price will change daily. The Calculation Agent's decision to add Funding Costs to the Strike Price or deduct Funding Costs from the Strike Price may change from time to time over the life of a Series of MINIs depending on the type of Underlying and the MINI Funding Cost Factors at the relevant time.

If you decide to hold a MINI Long until the Trading Day after you purchased it, and daily Funding Costs are added to the Strike Price, this means your MINI Long is slightly less in the money for you, because the amount of leverage in the MINI Long has been increased to reflect the Funding Costs. In other words, the value of your MINI Long or the Capital Outlay you paid has been reduced by the amount of the Funding Cost. Alternatively, if you decide to hold a MINI Long until the Trading Day after you purchased it, and daily Funding Costs are deducted from the Strike Price, you would "receive" the payment of the Funding Cost as a benefit from the Issuer because the value of the MINI Long would have increased. In other words, the MINI Long is slightly more in the money for you, because the amount of leverage in the MINI Long has decreased to reflect the Funding Cost and the Issuer has "paid" an amount equal to the Funding Cost. So the value of your MINI Long or the Capital Outlay has been increased by the amount of the Funding Cost.

If you decide to hold a MINI Short until the Trading Day after you purchased it, and daily Funding Cost are deducted from the Strike Price, this means your MINI Short is slightly less in the money for you, because the amount of leverage in the MINI Short has been increased to reflect the Funding Cost. In other words, the value of your MINI Short or your Capital Outlay has been reduced by the amount of the Funding Cost. Alternatively, if you hold a MINI Short until the Trading Day after you purchased it and daily Funding Costs are added to the Strike Price, you would "receive" the payment of the Funding Cost as a benefit from the Issuer because the amount of leverage in the MINI Short has been decreased to reflect the Funding Costs and the value of the MINI Short would have increased. In other words, the MINI Short is slightly more in the money for you, because the Issuer has "paid" an amount equal to the Funding Cost. So the value of the MINI Short or Capital Outlay has been increased by the amount of the Funding Costs.

Information regarding Strike Price changes and whether the Funding Cost is added to, or subtracted from, the Strike Price of a MINI will be released on the ASX Company Announcement Platform and is available daily on [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

### Examples

PDS Part 1 contains examples that demonstrate the calculation of the Capital Outlay and the adjustment of the Strike Price for the Funding Costs.

## 2.6 The Multiplier

The Multiplier has the effect of calculating a reduced Capital Outlay for the MINI. For MINIs with a Multiplier less than 1, the value of the MINI will not move on a one-to-one basis, but will move in proportion with the Multiplier for price movements of the Underlying. Therefore, the pricing components of a MINI with a Multiplier less than 1 are:

**Value of a MINI Long**  

$$= [(Underlying Price - Strike Price) \times Multiplier] / Exchange Rate$$

**Value of a MINI Short**  

$$= [(Strike Price - Underlying Price) \times Multiplier] / Exchange Rate$$

The Multiplier for each Series of MINIs is specified in PDS Part 1.

For a MINI where the Underlying is a Futures Contract, Interest Rate, Basket or an Index, the Multiplier is also used to convert the level of the Futures Contract, Interest Rate, Basket or Index into a currency amount (e.g. Australian Dollars) for the price of the MINIs.

Please refer to the Worked Examples in PDS Part 1 for further details regarding how the Multiplier works for the relevant Series of MINIs.

## 2.7 Calculation of Funding Costs

Funding Costs are paid or received by an investor to acquire or hold a MINI for more than one day. Funding Costs are calculated by reference to the Interest Rate. Funding Costs are not charged or received intra-day (that is, if you buy and sell a MINI on the same Trading Day). This means the Strike Price does not change during a Trading Day. We will announce a new Interest Rate via the ASX Company Announcement Platform and on our website at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants) before the open of trading on the ASX each Trading Day. Funding Costs are calculated in accordance with the following formula:

$$\text{Funding Costs per day} = \frac{\text{Interest Rate} \times \text{Strike Price}}{365 \text{ days}}$$

Please be aware that at certain times during a week, the Strike Price reported by the Issuer for that day may reflect more than one day's Funding Costs. This is because a MINI incurs or receives Funding Costs on each day. However, the ASX is not open for trading on each day so it is not possible to report the daily Funding Cost every day when quoting the Strike Price. For example, the ASX is closed over the weekend, so when the market reopens on a Monday, the Strike Price will incorporate three days' Funding Costs (being the previous Friday, Saturday and Sunday). Public holidays will have a similar impact. However, this is smoothed out during each week, so that if you held a MINI for a full week, you would incur or receive only seven days' worth of Funding Cost. The Issuer announces the new Strike Price and applicable Interest Rate each Trading Day before the open of trading on the ASX, so investors can calculate if more than one day's Funding Cost has been added to, or deducted from, the Strike Price. Please be aware that the Funding Cost may in certain circumstances be adversely affected by additional costs incurred by the Issuer. Please refer to "Factors affecting the Funding Cost" and Section 3 "Risks" in PDS Part 2 for more information.

Information regarding Strike Price changes and whether the Funding Cost is added to, or subtracted from, the Strike Price of a MINI will be released on the ASX Company Announcement Platform and is available daily on [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

The examples below demonstrate how the Funding Costs work.

**The examples are hypothetical only and are not forecasts or simulations of returns nor are they a reference to past performance. The actual returns on the MINIs or the Underlyings may be materially different from what is shown in these examples.**

### Worked example: MINI Long

#### Funding Costs are added to the Strike Price

Interest Rate:	9.5% p.a.
Strike Price:	\$20.0000
Exchange Rate:	Not applicable
Multiplier:	1
Funding Cost per day	= $(\$20.0000 \times 9.50\%)/365$ = \$0.0052
New Strike Price for the next day:	= \$0.0052 + \$20.0000 = \$20.0052

If the MINI Long was held over the weekend and the Interest Rate is 9.5% as in the example above, the Strike Price on the Monday would be adjusted for three days of Funding Costs as follows:

Friday Strike Price:	\$20.0052
Funding Cost per day	= $(\$20.0052 \times 9.50\%)/365$ = \$0.0052
Saturday Strike Price:	= \$0.0052 + \$20.0052 = \$20.0104
Funding Cost per day	= $(\$20.0104 \times 9.50\%)/365$ = \$0.0052
Sunday Strike Price:	= \$0.0052 + \$20.0104 = \$20.0156
Funding Cost per day	= $(\$20.0156 \times 9.50\%)/365$ = \$0.0052
Monday Strike Price:	= \$0.0052 + \$20.0156 = \$20.0208

#### Funding Costs are deducted from the Strike Price

Interest Rate:	1.0% p.a.
Strike Price:	\$20.0000
Exchange Rate:	Not applicable
Multiplier:	1
Funding Cost per day:	= $(\$20.0000 \times 1.0\%)/365$ = \$0.0005
New Strike Price for the next day:	= \$20.0000 - \$0.0005 = \$19.9995



If the MINI Long was held over the weekend and the Interest Rate is 1.0% as in the example above, the Strike Price on the Monday would be adjusted for three days of Funding Costs as follows:

<b>Friday Strike Price:</b>	<b>\$19.9995</b>
<b>Funding Cost per day</b>	= $(\$19.9995 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>Saturday Strike Price:</b>	= $\$19.9995 - \$0.0005$ = <b>\$19.9990</b>
<b>Funding Cost per day</b>	= $(\$19.9990 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>Sunday Strike Price:</b>	= $\$19.9990 - \$0.0005$ = <b>\$19.9985</b>
<b>Funding Cost per day:</b>	= $(\$19.9985 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>Monday Strike Price:</b>	= $\$19.9985 - \$0.0005$ = <b>\$19.9980</b>

### Worked Example: MINI Short

Funding Costs are deducted from the Strike Price

<b>Interest Rate:</b>	<b>5.0% p.a.</b>
<b>Strike Price:</b>	<b>\$20.0000</b>
<b>Exchange Rate:</b>	<b>Not applicable</b>
<b>Multiplier:</b>	<b>1</b>
<b>Funding Cost per day</b>	= $(\$20.0000 \times 5.0\%) / 365$ = <b>\$0.0027</b>
<b>New Strike Price for the next day:</b>	= $\$20.0000 - \$0.0027$ = <b>\$19.9973</b>

If the above MINI Short was held over the weekend, and the Interest Rate is 5.0% as in the example above, the Strike Price on the Monday would be adjusted for three days of Funding Costs as follows:

<b>Friday Strike Price:</b>	<b>\$19.9973</b>
<b>Funding Cost per day</b>	= $(\$19.9973 \times 5.0\%) / 365$ = <b>\$0.0027</b>
<b>Saturday Strike Price:</b>	= $\$19.9973 - \$0.0027$ = <b>\$19.9946</b>
<b>Funding Cost per day</b>	= $(\$19.9946 \times 5.0\%) / 365$ = <b>\$0.0027</b>
<b>Sunday Strike Price:</b>	= $\$19.9946 - \$0.0027$ = <b>\$19.9919</b>
<b>Funding Cost per day</b>	= $(\$19.9919 \times 5.0\%) / 365$ = <b>\$0.0027</b>
<b>Monday Strike Price:</b>	= $\$19.9919 - \$0.0027$ = <b>\$19.9892</b>

### Funding Costs are added to the Strike Price

<b>Interest Rate:</b>	<b>1.0% p.a.</b>
<b>Strike Price:</b>	<b>\$20.0000</b>
<b>Exchange Rate:</b>	<b>Not applicable</b>
<b>Multiplier:</b>	<b>1</b>
<b>Funding Cost per day:</b>	= $(\$20.0000 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>New Strike Price for the next day:</b>	= $\$0.0005 + \$20.0000$ = <b>\$20.0005</b>

If the above MINI Short was held over the weekend, and the Interest Rate is 1.0% as in the example above, the Strike Price on the Monday would be adjusted for three days of Funding Costs as follows:

<b>Friday Strike Price:</b>	<b>\$20.0005</b>
<b>Funding Cost per day</b>	= $(\$20.0005 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>Saturday Strike Price:</b>	= $\$0.0005 + \$20.0005$ = <b>\$20.0010</b>
<b>Funding Cost per day</b>	= $(\$20.0010 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>Sunday Strike Price:</b>	= $\$0.0005 + \$20.0010$ = <b>\$20.0015</b>
<b>Funding Cost per day:</b>	= $(\$20.0015 \times 1.0\%) / 365$ = <b>\$0.0005</b>
<b>Monday Strike Price:</b>	= $\$0.0005 + \$20.0015$ = <b>\$20.0020</b>

### Factors affecting the Funding Cost

The Funding Cost will be the cost or charge imposed by the Issuer on the investor, or the benefit given by the Issuer to the investor for making the MINIs available if the investor holds the MINI for more than one day. The Interest Rate, and therefore the Funding Cost, is affected by the costs incurred or benefits received by the Issuer in providing the MINI. These costs or benefits may not be the Issuer's costs or benefits for one Trading Day only (or even for three days), but may in fact reflect the Issuer's costs or benefits for a much longer period. These costs or benefits are reflected in the Interest Rate which in turn forms part of, and impacts, the Funding Cost calculation.

The Interest Rate is a variable rate that changes daily and is therefore not disclosed in this PDS. The Interest Rate can be affected by, amongst other things:

- the prevailing levels of the RBA Cash Rate Target;
- interest rate levels in the money market;
- the Issuer's costs in market-making for the MINI;
- the volatility and liquidity of the Underlying;
- the volatility, liquidity and costs associated with the Issuer's hedging arrangements;
- risk management costs of the Issuer; and

- resourcing costs of the Issuer including the cost of offering an FX Hedge feature (refer to Section 2.8 “FX Hedge feature” in PDS Part 2).

In general, if the MINIs trade in the manner intended by the Issuer under normal market trading conditions (and as described in this PDS), then the Interest Rate will mainly be affected by the prevailing RBA Cash Rate Target and interest rate levels in the money market and the margin that the Issuer charges for making the product available.

In general, an increase in market interest rates will increase the Interest Rate. For MINI Shorts (over Securities), the Interest Rate is also affected by conditions in the stock loan market for the relevant Underlying. In general, higher stock borrowing rates mean a lower Interest Rate – please refer to the table in Section 3.4 in PDS Part 2 to see how these factors affect the Interest Rate. It is possible, depending on market conditions and the manner in which MINIs are traded, that the Issuer may incur greater costs in making the MINI available. If this occurs, the Issuer has the absolute discretion to increase (including substantially increase) the Interest Rate applicable to a MINI, which will adversely impact the Funding Cost and therefore increase the Strike Price for certain MINI Longs or decrease the Strike Price for certain MINI Shorts. Please note that as the Interest Rate is incorporated into the daily Strike Price, and given that both the Strike Price and the Interest Rate are announced by the Issuer, an investor will know what the total cost of the MINI is before they buy it (assuming the investor holds the MINI intra-day or sells it on the next Trading Day. As the Interest Rate is variable, the Strike Price for the MINI will vary from day to day).

The Issuer may retain the Funding Cost for itself or rebate all or part of the Funding Cost to a Holder.

## 2.8 FX Hedge feature

### How does the FX Hedge feature work?

A MINI is denominated in Australian Dollars. However, an Underlying (or any components that comprise the Underlying) may be denominated in a currency other than Australian Dollars, this means that the value of a MINI will be affected by movements in the applicable Exchange Rate.

If the MINIs are specified as FX Hedged MINIs in PDS Part 1, the FX Hedge feature applies automatically and the Holder will not have a foreign currency exposure –that is, the value of the FX Hedged MINI is not affected by foreign exchange rate movements.

This means that the Holder will effectively have a Fixed Exchange Rate between the two currencies (i.e., the currency of the MINI and the currency of the Underlying) for the duration of the MINI. To do this, the value of the Underlying will be converted from its currency to Australian Dollars on the Issue Date using a Fixed Exchange Rate determined by the Issuer. A MINI which is FX Hedged will have the Strike Price specified in Australian Dollars at the Fixed Exchange Rate outlined in PDS Part 1.

The Issuer may charge the Holder for arranging and maintaining the FX Hedge feature by charging for it via the Interest Rate.

Please refer to Section 3.6 “FX Hedge feature” in PDS Part 2 for the applicable risks.

### What if the FX Hedge feature does not apply?

For MINIs with an Underlying denominated in a currency other than Australian Dollars (i.e. the Strike Price Currency is a currency other than Australian Dollars) but which are not FX Hedged MINIs, the Holders of the MINIs are exposed to changes in the foreign exchange rate between the Strike Price Currency and Australian Dollars (in addition to their exposure to the performance of the Underlying).

For these MINIs, the Cash Amount payable to Holders following Expiry will be converted from the Strike Price Currency to Australian Dollars using the Exchange Rate applicable at the time of conversion (please refer to the definition of “Exchange Rate” in Section 10 “Definitions”).

For worked examples relevant to the Underlying for a particular Series please refer to PDS Part 1.

## 2.9 Dividends payments

Some Underlyings (or components that comprise the Underlyings) may pay a Dividend (e.g. for a Series where an Underlying is a Security), whereas other Underlyings (or components that comprise the Underlyings) will not pay a Dividend (e.g. for a Series where the Underlying is a Futures Contract).

Where an Underlying (or one or more components of an Underlying) pays Dividends, Holders do not receive any of those Dividends. Where this is the case, the price at which that MINI trades on the ASX is unaffected by Dividends and does not fluctuate on the ex-Dividend date of the Underlying (or the ex-Dividend date of the applicable component of the Underlying). If the Underlying begins trading ex-Dividend, the Strike Price will be decreased by the Dividend amount for both MINI Longs and MINI Shorts.

Changes to any Strike Prices for both MINI Long and MINI Short to reflect the payment of Dividends will be made on the ASX Company Announcement Platform.

Please refer to Section 3 “Risks” in PDS Part 2 (and in particular Section 3.7 “Dividends and the price of Securities”) for details on what happens if the price of the Security does not fall by the same amount as the Dividend. Please also refer to the Section 2.12 “What about exercise of the MINI?” in PDS Part 2 below for more details on exercising the MINIs.

Dividends will also affect the Stop Loss Level. Please refer to Section 2.11 “Stop Loss” for more information on the effect of Dividend payments on the Stop Loss Levels.

**Example of an Underlying going ex-Dividend**

Action	Underlying Price	Dividend	Strike Price	Stop Loss Level	MINI Price
<b>MINI Longs</b>					
Cum-Dividend	\$25.00	\$0.20	\$22.0000	\$22.50	\$3.00
Ex-Dividend	\$24.80	ex-dividend	\$21.8000	\$22.50	\$3.00
<b>MINI Shorts</b>					
Cum-Dividend	\$25.00	\$0.20	\$28.0000	\$27.50	\$3.00
Ex-Dividend	\$24.80	ex-dividend	\$27.8000	\$27.50	\$3.00

In the MINI Long example, the MINI has a Strike Price of \$22.0000. The Underlying goes ex-Dividend a \$0.20 Dividend. The Strike Price is decreased by \$0.20 to \$21.8000 to reflect the value of the Dividend, making the MINI Long more “in-the-money” (because the Strike Price you pay if you exercise is \$0.20 less). However, all other things being equal, the Underlying Price would also be expected to decrease by \$0.20, that is, the “more in-the-money” effect is negated by the decrease in the Underlying Price, and therefore the price at which the MINI Long trades remains unchanged at \$3.00. As a result, the MINI Long price is unaffected by Dividends.

In the MINI Short example, the MINI Short has a Strike Price of \$28.0000. The Underlying goes ex-Dividend a \$0.20 Dividend. The Strike Price is decreased by \$0.20 to \$27.8000 to reflect the value of the Dividend, making the MINI Short less “in-the-money” (because if you exercise the MINI Short the amount you receive from the Issuer is \$0.20 less). However, all other things being equal, the Underlying Price would also be expected to decrease by \$0.20, that is, the “less in-the-money” effect is negated by the decrease in the Underlying Price, and therefore the price at which the MINI Shorts trades remains unchanged at \$3.00.

The same adjustment is made for an Underlying that is a Basket. The Strike Price is reduced by the weight adjusted amount of the Dividend. The same weight adjusted sum of the Dividends will be used to reduce the Stop Loss Level. This results in the MINI price remaining the same.

**2.10 Rolling of Futures Contracts**

An Underlying that is a Futures Contract does have an expiry date, even though the MINIs do not have a fixed expiry date. Underlyings that may utilise Futures Contracts include Interest Rates, Indices and Commodities.

In order to preserve the perpetual character of the MINIs, each Futures Contract is rolled over by the Issuer to the next liquid Futures Contract just prior to expiry of the existing Futures Contract. At the time of the Rollover, the Underlying Price of the “old” and “new” Futures Contracts will not be the same. In order that the price of the MINI is not affected by the Futures Contract Rollover, an adjustment is made to the Strike Price and Stop Loss Level that reflects the difference between the price at which the “old” Futures Contract was sold and the “new” Futures Contract was bought.

Please refer to Section 3 “Risks” in PDS Part 2 for more details on the liquidity of the Futures Contract.

For examples of a Rollover relevant to the Underlying for a particular Series please refer to PDS Part 1.

**2.11 Stop Loss**

MINIs feature a Stop Loss Level which ensures that the value of the MINI can never be negative. It ensures that in a worst-case scenario, a Holder can never lose more than their initial Capital Outlay. Any losses, costs or expenses incurred by the Issuer over and above the Capital Outlay will be met by the Issuer out of its own funds. The Issuer will never request additional payments or contributions, like margin calls, from Holders.

The initial Stop Loss Level is set before the MINIs are issued and is disclosed in PDS Part 1 under “Initial Stop Loss Level”. Thereafter, on the Stop Loss Reset Date (being the first Trading Day of every month or as determined by the Calculation Agent acting in good faith) the Stop Loss Level is updated to reflect where the value of the Underlying is trading. This information is available daily on the RBS warrants website at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants) and announced on the ASX Company Announcement Platform.

The Stop Loss Level is set at a certain level below the Strike Price for MINI Shorts and above the Strike Price for MINI Longs. Once the Stop Loss Level is reached, trading in the Series is Suspended, the Remaining Value is determined and Holders can then sell back the MINIs to the Issuer at the Remaining Value (if any). Holders should be aware that the minimum Remaining Value that they may receive may be zero, being the Holder’s worst case scenario if the Stop Loss Level is triggered. Should the Remaining Value be less than zero, the Issuer will meet all additional liability and will not have any further recourse against the Holder.

Factors that may influence where the Stop Loss Level is set, include the following:

- Underlying Price;
- Strike Price;
- difference between the Strike Price and Underlying Price;
- historical volatility of the Underlying; and
- estimated size and timing of future Dividends applicable to the Underlying or any components that comprise the Underlying (if any).

Stop Loss Levels may be different for different Underlyings and may differ for MINI Longs and MINI Shorts, which are subject to the performance of the same Underlying.

As soon as the Underlying reaches or trades below the Stop Loss Level, trading in the Series of MINI is Suspended. Whilst MINI trading is Suspended, RBS (in its capacity as the Issuer) unwinds its Hedge Position corresponding to the Suspended MINIs (on a “best effort” basis). RBS will request that the ASX reinstate the affected MINIs to

trading commencing at 2:00 pm (Sydney time) on the same Trading Day as the Stop Loss Termination Valuation Period ends and ending at close of trading on the next Trading Day following the end of the Stop Loss Termination Valuation Period (and, thereafter, to Suspend trading for that affected MINI). This will allow Holders to sell their position in the MINIs back to the Issuer at the Intrinsic Value of the MINI based on the average price that the Issuer achieves during the unwind of its Hedge Position – called the “**Remaining Value**”. Otherwise, if the Holder does not sell their MINIs back to the Issuer on market as described above, the Remaining Value is transferred to the Holder within ten (10) Business Days of the Suspension of trading in the MINIs. The MINI also expires at this time.

The **Remaining Value** will never be less than zero. Any losses, costs or expenses incurred by the Issuer over and above the Capital Outlay will be met by the Issuer out of its own funds. The Issuer will never request additional payments or contributions, like margin calls, from Holders.

The Underlying Price may fall (for a MINI Long) or rise (for a MINI Short) to such a point that the Stop Loss Termination Reference Price is equal to or less than (for a MINI Long) or equal to or more than (for a MINI Short) the Strike Price. If this happens, the Remaining Value will be deemed zero (even if it is negative) and Holders will lose their entire Capital Outlay. However, Holders will not lose more than their Capital Outlay. Any losses, costs or expenses incurred by the Issuer over and above the Capital Outlay will be met by the Issuer out of its own funds.

The calculations applicable to determining the Remaining Value payable (provided that it is greater than zero) upon the occurrence of a Stop Loss Event are set out in the examples in PDS Part 1.

Please refer to Section 3 “Risks” in PDS Part 2 (and in particular Section 3.15 “Stop Loss Event”) for further information on the risks associated with the Stop Loss Level.

The below explanation and accompanying worked examples demonstrate how Dividends affect the Stop Loss Level for a MINI.

**The examples below are hypothetical only and are not forecasts or simulations of returns nor are they a reference to past performance. The actual returns on the MINIs may be materially different from what is shown in these examples.**

#### *Dividend: Security Underlying*

A Security of moderate historical volatility might be as follows:

- Underlying Price: \$25.00;
- MINI Long Strike Price: \$22.0000;
- MINI Short Strike Price: \$28.0000;
- MINI Long Stop Loss Level: \$22.50; and
- MINI Short Stop Loss Level: \$27.50.

If there happens to be a Dividend forecast to be paid on the Security Underlying before the next Stop Loss Reset Date, then this will be taken into account before the Stop Loss Level is set. Where the Underlying is a single Security and assuming that a Dividend of \$0.20 was due or forecast to be paid before the next Stop Loss Reset Date, this would already be accounted for in the Stop Loss Levels.

If a Dividend is not taken into account as set out above, the Issuer will reduce the Stop Loss Level by the amount of the Dividend on the relevant ex-Dividend date because the Underlying Price will decrease by the amount of the Dividend.

MINI Long Stop Loss Level:  $\$22.50 - \$0.20 = \$22.30$

MINI Short Stop Loss Level:  $\$27.50 - \$0.20 = \$27.30$

#### *Dividend: Basket Underlying*

If there is a Dividend forecast to be paid on one or more of the components of an Underlying before the next Stop Loss Reset Date, then this will be taken into account before the Stop Loss Level is set. Assume a Basket Underlying was composed of the following Securities with announced Dividends:

Component	Number of Securities in Basket	Price	Dividend
National Australia Bank	8	\$27.26	\$0.74
Westpac Banking Corporation	9	\$23.22	\$0.65
ANZ	9	\$24.14	\$0.52
Commonwealth Bank of Australia	4	\$54.50	\$1.25
Bank of Queensland	20	\$9.70	\$0.28

Based on the above information, the MINI would have the following characteristics before the ex-Dividend date:

- Level of the Basket Underlying: \$1,056.32;
- MINI Long Strike Price: \$855.0000;
- MINI Short Strike Price: \$1,150.0000;
- MINI Long Stop Loss Level: \$876.38; and
- MINI Short Stop Loss Level: \$1,121.25.

If a Dividend(s) was due to be paid on the components of the Basket Underlying and the Dividend was forecast before the next Stop Loss Reset Date, this would already be accounted for in the Stop Loss Levels.

If the Dividends due to be paid on the components of the Basket are not forecast before the next Stop Loss Reset Date, the Issuer will reduce the Stop Loss Level by the weighted sum of the component Security Dividends on the relevant ex-Dividend date because the prices of the components of the Basket Underlying (which determines the level of the Basket Underlying) will decrease by the amount of their respective Dividends.

The new MINI Long Stop Loss Level would be \$849.33 and the new MINI Short Stop Loss Level would be \$1,094.20 (to reflect the aggregate Dividends of \$27.05). The new levels will be announced on the ASX and posted on the Issuer's website at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

## 2.12 What about exercise of the MINI?

MINIs are American style instruments. That is, they can be exercised at any time. Since they have no fixed Expiry Date, MINIs have the quality of being an open-ended financial product for the purposes of trading. As a result, MINIs are low maintenance leveraged investments minimising the hassles of expiries and rollovers.

For more information on Rollovers of Futures Contracts please refer to Section 2.10 “Rolling of Futures Contracts”.

If you wish to exercise your MINI, you must provide an Exercise Notice to the Issuer which specifies the number of MINIs you wish to exercise. Please note that only Cash Settlement of the MINIs you exercise is permitted. You cannot exercise a MINI if a Stop Loss Level has been triggered or an Extraordinary Event has occurred.

**Note:** Holders wishing to exercise must contact the Issuer on 1800 450 005 to lock in the Strike Price for their exercise, and obtain an Exercise Reference Number as contained in clause 8.4(b) of the Terms.

An Exercise Notice given to the Issuer cannot be revoked and MINIs cannot be traded after an Exercise Notice has been given.

The Issuer will only accept a valid Exercise Notice. Please refer to clause 8.4 of the Terms for when an Exercise Notice is valid. It requires, amongst other things, that:

- the Exercise Notice relates to the Holder's entire holding of MINIs in the relevant Series; and
- the MINIs exercised have not terminated by the time the Exercise Notice is given.

If you exercise a MINI you will receive the Cash Amount per MINI which is calculated:

- for a MINI Long with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):

$$\frac{[(\text{Final Reference Price} - \text{Strike Price}) \times \text{Multiplier}]}{\text{Exchange Rate} - \text{Expenses:}}$$

- for a MINI Long with FX Hedge or no relevant Exchange Rate:

$$[(\text{Final Reference Price} - \text{Strike Price}) \times \text{Multiplier}] - \text{Expenses:}$$

- for a MINI Short with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):

$$\frac{[(\text{Strike Price} - \text{Final Reference Price}) \times \text{Multiplier}]}{\text{Exchange Rate} - \text{Expenses:}}$$

- for MINI Short with FX Hedge or no relevant Exchange Rate:

$$[(\text{Strike Price} - \text{Final Reference Price}) \times \text{Multiplier}] - \text{Expenses:}$$

## 2.13 Expenses

Expenses means any reasonable incidental costs, including unwinding of Hedge Positions, Transfer Taxes and/or brokerage expenses incurred by the Issuer in relation to the Expiry Date upon exercise of a MINI. These costs and expenses may reduce the Cash Amount by up to 20% upon exercise of a MINI.

**Factors that may influence the determination of Expenses are market volatility and/or illiquidity in the Underlying. As each of these increases, whether individually or simultaneously, the Expenses that the Issuer incurs increases, impacting the Cash Amount a Holder receives following their lodging of an Exercise Notice.**

**For example, if, for a MINI Long, with a FX Hedge or no applicable Exchange Rate and the maximum level of Expenses:**

**Final Reference Price for an XYZ Share is \$20.0000**

**Strike Price is \$15.0000**

**Multiplier is 1.**

**Expenses reduce the amount you receive by 20% (or \$1.00).**

**Then, applying the formula for a MINI Long with a FX Hedge or no relevant Exchange Rate set out in Section 2.12 "What about the exercise of a MINI", the Cash Amount you would receive  $[(\$20.0000 - \$15.0000) \times 1] - \$1.00 = \$4.00$  per MINI Long.**

**Or, for a MINI Short, with a FX Hedge or no applicable Exchange Rate and the maximum level of Expenses:**

**Final Reference Price for XYZ Share is \$20.**

**Strike Price is \$23.0000.**

**Multiplier is 1.**

**Expenses reduce the amount you receive by 20% (or \$0.60).**

**Then, applying the formula for a MINI Short with a FX Hedge or no relevant Exchange Rate set out in Section 2.12 "What about the exercise of a MINI", the Cash Amount you would receive  $[(\$23.0000 - \$20.0000) \times 1] - \$0.60 = \$2.40$  per MINI Short.**

## 2.14 When do MINIs expire?

A MINI will expire:

- ten Business Days after the MINI ceases trading following a Stop Loss Event;
- if an Extraordinary Event occurs (please refer to the Section 9 "Terms of the MINIs" in PDS Part 2 for information on when an Extraordinary Event may be nominated by the Issuer);
- if the Issuer gives Holders at least one calendar month's notice of its intention to terminate the MINIs (but the Issuer cannot give such a notice until three months after the Issue Date); or
- if a Holder exercises the MINI, that Holder's MINIs expire on the Settlement Date.

If a MINI expires under paragraph (a) above, the Holder will receive the Remaining Value (please refer to Stop Loss Event above). If a MINI expires under paragraphs (b), (c) or (d) above, the Holder will receive the Cash Amount calculated by reference to the formula set out in the Section 10 "Definitions" (under the definition of Cash Amount per MINI) in PDS Part 2 and Section 5 "Frequently asked questions" in PDS Part 2.

## 2.15 Who should trade MINIs?

MINIs may be suitable for:

**Day traders** – What makes MINIs unique is that Funding Costs are only relevant to the extent that they are utilised and are calculated daily. As a result, intra-day trades do not attract Funding Costs, so leverage is virtually free of charge for day traders. Additionally, Funding Costs are not paid upfront but instead they are charged on a daily basis via incremental Strike Price changes.

**Speculators** – The leveraging effect (via the Strike Price) of MINIs may make them an attractive trading instrument for speculators. Investors are able to gain 100% tracking exposure (assuming a Multiplier of 1) to an Underlying for only a fraction of the price, without putting more than their initial Capital Outlay at risk.

**Portfolio protection** – MINI Shorts can be used as effective insurance for a portfolio of shares that are the same as the

Underlyings, enabling investors to lock in profits gained from their shareholding without having to sell out of that holding. Since MINIs have no maturity restriction, they may be used as part of a longer term portfolio hedging strategy.

In considering the prospects of the MINIs, it is important that you consider the risk factors that could affect the financial performance of your investment. **The main risk factors that the Issuer thinks investors should consider are referred to in Section 3 “Risks” of this PDS Part 2.** A summary of the key risks is also provided in Section 1 “What are the benefits and key risks of investing in MINIs?” in PDS Part 2.

## 3. Risks

Investing in MINIs involves a degree of risk. This section provides a summary of some of these risks, but by its nature it cannot identify all of the relevant considerations that may be a risk for individual potential investors, and is not a substitute for independent advice. Potential investors should ensure that they understand fully all of the risks involved in holding MINIs. The Issuer recommends that potential Holders obtain independent financial and taxation advice regarding these risks before purchasing MINIs.

### 3.1 Leverage

The leverage provided by investing in MINIs (via the Strike Price) means that movements in the Underlying (or components that comprise the Underlying) will have a magnified effect.

This means that you will have a magnified exposure to both decreases and increases in the Underlying (or components that comprise the Underlying). Therefore, the risks of investment may be greater than in the case of an investment of the same amount in the Underlying itself (or components that comprise the Underlying).

### 3.2 MINIs are speculative

MINIs are speculative and potential Holders should be aware that the return on the MINIs:

- may be zero and Holders may lose all of their purchase price (the Capital Outlay);
- may be less than the return Holders could earn on other investments; and
- will not reflect the return Holders would realise if they actually owned the Underlying (or components that comprise the Underlying) and received any Dividends paid.

Investors who do not wish to speculate on the Underlying (or components that comprise the Underlying) should carefully consider whether MINIs are suitable for them and their needs.

Holders should be aware that there is no firm indication as to how the MINIs will trade in the secondary market (i.e., the ASX), nor is there sufficient evidence as to whether the market will be liquid or illiquid. Holders are warned that the price of the MINIs may fall in value as rapidly as they may rise and that the MINIs may become significantly less valuable over their term. Accordingly, Holders may lose some, or all, of the Capital Outlay paid for the MINIs.

### 3.3 Counterparty risk - performance by the Issuer

The value of the MINIs and the ability of the Holder to receive any Cash Amount (or any other payments or benefits) depends on, among other things, the ability of RBS (as Issuer) to perform its obligations in accordance with the Terms.

The MINIs are unsecured obligations of RBS.

RBS may not be able to meet its obligations under the MINIs. The right to receive any Cash Amount (or any other payments or benefits) is subject to the creditworthiness of the Issuer – investors should make their own assessment of this risk. In particular, investors should note that these obligations are unsecured obligations of RBS which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of RBS. In a winding up of RBS, the Holder may not receive these amounts.

Financial information for the RBS Group is available at [www.investors.rbs.com](http://www.investors.rbs.com), however, please note that no other RBS Group entity is guaranteeing the obligations of RBS in respect of the MINIs and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in MINIs. You should instead focus on the financial information relating to RBS itself and not the RBS Group.

A Holder takes the credit risk and counterparty risk that RBS will not be able to or will not continue to perform its obligations owed to Holders under this PDS. If RBS is not able to perform its obligations in a timely fashion and in accordance with the provisions of this PDS, it may detrimentally affect the value of the MINIs.

While RBS is a company incorporated in Scotland, it has also registered as a foreign company with ASIC and it has an Australian registered office (which is provided in the Directory at the back of this PDS Part 2).

### 3.4 Factors affecting MINI market value

This PDS does not specify the Capital Outlay for each MINI because the Capital Outlay will vary from time to time (please refer to Section 2.5 “How do MINIs work?” in PDS Part 2). The market value of a MINI is expected to be dependant upon such factors as:

- a. the Strike Price;
- b. the price or level of the Underlying (or the components that comprise the Underlying);
- c. the level of interest rates in Australia;
- d. conditions in the stock loan market;
- e. real or anticipated changes in general economic conditions and the earnings results of the Underlying (or the components that comprise the Underlying); and
- f. level of the Exchange Rate where the Underlying is denominated in a currency other than the Australian Dollars and the MINI is not an FX Hedged MINI.

The value of a MINI is generally likely to fall or rise if the Underlying Price falls or rises. The Issuer makes no representation or warranty as to the performance of the Underlying.

<b>Increase in Factor</b>	<b>General effect on value of MINI Long</b>	<b>General effect on value of MINI Short</b>
Strike Price	↓	↑
Underlying Price	↑	↓
Level of Interest Rates	↓	↑
Costs of stock borrowing	N.A.	↓
Exchange Rates (where the MINI is not an FX Hedged MINI)	↓	↓

The following events may also affect market values and are covered in more detail in the Terms:

- de-listing or suspension of the Underlying (or the components that comprise the Underlying);
- a Takeover Bid or tender offer for the Underlying (or components that comprise the Underlying);
- the Issuer failing to meet its obligations under the Terms of the MINIs;
- suspension of MINIs trading;
- early expiry of the MINIs (e.g. a Stop Loss Event, an Adjustment Event or an Extraordinary Event);
- the exercise of discretion under, and changes, to the Terms made by the Issuer;
- general market participants who actively trade in the Underlying (or any components that comprise the Underlying);
- where the Underlying is an Index or a Futures Contract, failure to publish the Index and/or Futures Contracts prices for whatever reason including systems failures;
- where the Underlying is an Index or a Basket, a change in the composition of that Index or Basket;
- failure by a Price Source to provide prices, levels or an orderly market; and
- changes to taxation.

### 3.5 Foreign currency risk

The Underlyings (or components that comprise the Underlyings) are denominated in either AUD or a foreign currency (i.e. a currency other than AUD). Where the Underlying (or component that comprises the Underlying) is denominated in a currency other than AUD, the MINIs may be offered in AUD (and exposed to foreign exchange risk) or as FX Hedged MINIs.

Where the Underlying (or component that comprises the Underlying) is not denominated in AUD you need to consider any foreign currency risk that the Underlying (or components of the Underlying) might be exposed to. Underlyings (or components that comprise the Underlyings) that are denominated in a currency other than Australian Dollars may be adversely affected by changes in the foreign exchange rates between AUD and currency that the Underlying (or component that comprises the Underlying) is denominated in.

If the Underlying (or component that comprises the Underlying) is denominated in a foreign currency and the MINI is not an FX Hedged

MINI, Holders will have foreign exchange risk, i.e. movements in the foreign exchange rate may adversely impact the value of their MINIs. For example, an increase in the value of the Australian dollar would result in a decrease in the value of the relevant MINI (all other factors remaining equal).

See Section 2.8 for further information regarding MINIs to which the FX Hedge feature does not apply.

### 3.6 FX Hedge feature

Where a MINI includes an FX Hedge feature, the value of the Underlying (or any components that comprise the Underlying) will be converted from its currency to Australian Dollars on the Issue Date using a Fixed Exchange Rate. That is, the FX Hedge feature cancels the foreign currency exposure on the value of the Underlying (or a component that comprises the Underlying). Hence, where an Underlying (or a component that comprises an Underlying) is denominated in a currency other than Australian Dollars, the value of the Underlying (or a component that comprises the Underlying) will only be calculated on the performance of the Underlying (or a component that comprises the Underlying), with no account taken for the foreign exchange rate movements between the Australian Dollar (being the currency of the MINIs) and the currency of the Underlying (or a component that comprises the Underlying).

The cost to the Issuer of maintaining such a fixing between Australian Dollars and the currency of the Underlying (or component of the Underlying) will have an implication on the value of the MINIs. The implication will vary during the life of the MINI.

Holders do not have any foreign exchange rate exposure in relation to an FX Hedged MINI. However, if the FX Hedge feature was not applicable, changes in foreign exchange rates could increase or decrease returns received by Holders. No assurance can be given as to whether or not, taking into account relative exchange rates and interest rate fluctuations between the two currencies, an FX Hedge feature in a MINI would at any time enhance the return on the MINI over a similar product without such an FX Hedge feature.

### 3.7 Dividends and the price of Securities

In general, if a Security goes ex-Dividend, the price of that Security should fall by the same amount of the Dividend. However, the market is not always perfect, and a Security price may not always fall by the same amount as the amount of its Dividend. The Security price may fall more or less than the amount of the Dividend or it may not fall at all. The Strike Price, however, will always be decreased by the amount of the Dividend for both MINI Longs and MINI Shorts. Therefore, if the price of a Security has fallen by more or less than the amount of the Dividend, the MINI price will be affected and will change.

### 3.8 Possible illiquidity of trading market

Holders should be aware that there is no firm indication as to how the MINIs will trade in the secondary market, nor is there sufficient evidence as to whether the market will be liquid or illiquid. A liquid market is generally one in which there is sufficient trading activity to satisfy both buyers and sellers. An illiquid market is generally one in which it is difficult to convert MINIs into cash, with minimum loss. Accordingly, in an illiquid market there is a risk that Holders may not be able to sell their MINIs at a price they wish to. To ensure sufficient liquidity, the Issuer undertakes to the ASX that it will make a market



by maintaining buy and sell orders at market prices with a buy/sell spread for the life of the MINIs, as per ASX Guidance Note 17. Please note, even though Holders can sell MINIs, they may still incur a loss on the sale price of their MINIs.

If the Issuer market making is the only source of liquidity in the secondary market, and the Issuer defaulted on that market making, then there would be no liquidity in the secondary market.

There are no spread or quantity obligations applied to the market making requirements. Market making activities will be subject to competitive pressures and in times of extreme volatility, the ability of market makers to maintain a market will be put under stress. Investors should be aware that in these situations, the presence of suitable quotes in the market cannot be assured.

In addition, the Issuer reserves the right to cease making a bid or offer for any MINIs if there is a Market Disruption Event or Hedging Disruption. The Issuer will continue to cease providing a bid price and offer price on the ASX until such time that the condition(s) described above terminate. The Issuer will make an announcement on ASX and post a notice on its website shortly after the Market Disruption Event or Hedging Disruption initially occurs and separately when the normal market recommences after the Market Disruption Event or Hedging Disruption ceases.

### 3.9 General market risks

General movements in local and international stock markets, prevailing and anticipated economic conditions, Holder sentiment, Interest Rates and Exchange Rates could all affect the value of MINIs. These risks are generally applicable to any investment on the ASX or any other stock market.

Performance will be influenced by economic and industry conditions. In particular investors should understand that an investment in MINIs may be negatively affected by global economic, financial, natural, environmental and political events and developments, and that such events and developments, amongst other things, may have a material effect on the value of the Underlying (and the components that comprise the Underlying) and, therefore, the MINIs.

Purchasers of MINIs on the ASX are also subject to credit, settlement and delivery risk in respect of the counterparty with whom they transact. In a winding up of that counterparty, the purchaser may not be able to settle and complete that transaction. A relevant factor for the assessment of counterparty risk is the financial position of that counterparty. Such analysis must be carried out by the purchaser.

Prospective investors are warned that the MINIs may fall in value as rapidly as it may rise and Holders may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand the nature of MINIs and carefully study the risk factors set out in this PDS before they invest in MINIs.

### 3.10 Exercise of discretion by the Issuer

Holders should note that some provisions of the Terms confer discretions on the Issuer. These discretions include the discretion to vary the Strike Price and Interest Rate on each Trading Day, nominate Extraordinary Events, to determine whether there has occurred a material change to the relevant Underlying and to terminate the MINIs in whole or in part (e.g. an Issuer Call).

The exercise or non-exercise of these discretions could adversely affect the value of the MINIs.

Holders do not have the power to direct the Issuer concerning the exercise of any discretion, although the Issuer may only exercise certain discretions with the consent of the ASX and, where applicable, subject to the unfair contracts regime in the ASIC Act. The discretions are set out in the Terms.

### 3.11 Takeover or tender offers for listed entities

If a Takeover Bid or tender offer is made for any Underlying (or the components that comprise the Underlying), the Issuer will have no obligation to accept the Takeover Bid or tender offer or to communicate any information it receives on the Takeover Bid or tender offer to the Holder. Compulsory acquisition may follow a successful Takeover Bid. In accordance with clauses 13 and 14 of the Terms, the Issuer may nominate an Extraordinary Event (in which case the MINIs may expire) or the Issuer may substitute the Underlying.

### 3.12 Extraordinary Event

If an Extraordinary Event occurs, the Issuer may, with the ASX's consent, nominate a date on which the affected MINI terminates. The Issuer may, with the ASX's consent, nominate as an Extraordinary Event any event listed in clause 14.1 of the Terms or nominate any event which is or results in the delisting, withdrawing from admission to trading status or suspension of the Underlying (or any components that comprise the Underlying) and/or a MINI.

### 3.13 Change to Terms

The Issuer may, in certain circumstances, make changes to the Terms. These circumstances are set out in clauses 14 and 18 (and, if applicable, clause 24) of the Terms and include if a Force Majeure occurs; if a merger, bonus issue, rights issue, scheme of arrangement, cash return of capital or similar event in relation to the Underlying (or components that comprise the Underlying) of a MINI occurs; if the Issuer's Hedging Positions are terminated, adjusted or changed; if a Market Disruption Event occurs; if the Underlying (or components that comprise the Underlying) of a MINI is de-listed or becomes insolvent. The changes that can be made if such a circumstance occurs include altering the Strike Price, the Multiplier, the Funding Cost, the Underlying (or components that comprise the Underlying), or any other term of the MINI (but only with the ASX's prior consent).

Changes can also be made to the Terms if, with the ASX's consent, it is necessary or desirable in order to comply with any statutory or other legal requirements or to rectify a defect, manifest error or ambiguity, or if the change is of a formal, minor or technical nature and does not materially prejudice the interests of Holders and is not unfair (as defined in section 12BG of the ASIC Act), or in the circumstances contemplated under clause 24.2 of the Terms.

### 3.14 Qualifying security

There is a risk that a MINI could be characterised as a qualifying security under Division 16E of Part III of the Income Tax Assessment Act 1936. Division 16E requires an investor to recognise any gain or loss incurred on completion or sale of a MINI on a six-monthly compounding accruals basis, over the term the MINI is held. As such, this characterisation will only be of relevance to a Holder that holds a MINI for a material period over a year-end (and this would generally not include a day trader or speculator).

Our preferred view, based on guidance provided by the Commissioner in Tax Ruling TR 2005/15 is that Division 16E should not apply and Section 7 “Tax Considerations” is drafted on this basis.

### 3.15 Stop Loss Event

If a Stop Loss Event occurs, your investment will terminate early.

Following a Stop Loss Event, if the Remaining Value is:

- zero or negative, Holders will lose their initial investment (Capital Outlay) and not receive any money back but will not be required to make any further payment; and
- positive, Holders will receive the Remaining Value. If Holders sell their MINIs to the Issuer for the Remaining Value during the limited period of trading after the Stop Loss Event there will be no delay in payment. However, where this is not the case, the Remaining Value is transferred to the Holder within ten Business Days of the Suspension of trading in the MINIs.

Please refer to Section 2.11 “Stop Loss” in PDS Part 2 for further details.

### 3.16 Suspension of trading or delisting of the MINIs

Trading of MINIs may be Suspended or the MINIs may be delisted by the ASX. This may occur whenever the ASX deems such action appropriate in the interests of maintaining a fair and orderly market in MINIs, or otherwise deems such action advisable in the public interest, or to protect Holders.

The delisting or Suspension of the MINIs, at the Issuer’s discretion (acting in good faith) may cause the MINIs to terminate early if such delisting or Suspension is deemed, with the ASX’s consent, to be an Extraordinary Event by the Issuer.

### 3.17 Delisting or Suspension of Underlyings

The delisting, withdrawal of quotation or Suspension of an Underlying (or a component that comprises an Underlying) may affect the market value of, or obligations of the Issuer with respect to, a MINI if the relevant event constitutes a Market Disruption Event or an Extraordinary Event, or the MINIs themselves consequently have their trading status withdrawn or are Suspended.

### 3.18 Potential conflicts of interest

Companies in the RBS Group will conduct transactions as principal and as agent in various securities, including MINIs and the Underlying (and components that comprise the Underlying). Potential conflicts of interest can arise because a number of entities involved in this offer are related parties.

RBS, other members of the RBS Group, or their directors, employees or Affiliates may, subject to law, hold shares or units in members of the RBS Group and/or hold MINIs. The directors and employees of RBS and other members of the RBS Group may receive remuneration based on the issue or performance of the MINIs, in whole or in part.

Members of the RBS Group may have business relationships or alliances (including joint ventures) with an Underlying’s (or a component of an Underlying’s) Sponsors, issuers, managers or the Underlyings (or a component of the Underlying) themselves and where the Underlying (or a component of the Underlying)

seeks to track an index, market or basket, the components of that index, market or basket. A member of the RBS Group may also be a substantial shareholder or manager of an Underlying (or any components that comprise the Underlying). In addition, members of the RBS Group may, from time to time, advise an Underlying (or any components that comprise the Underlying) or their Sponsors, issuers or managers in relation to MINIs or activities unconnected with the MINIs which may or may not affect the value of the Underlying (or a component of the Underlying) and/or the MINIs. Such relationships and advisory roles may include but are not limited to:

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

RBS may also have a commercial relationship with various senior executives of an Underlying (or a component of an Underlying), Sponsors, issuers or managers of the Underlying (or a component of the Underlying) and where the Underlying is an Index (or tracks an index), Basket, the constituents of that Index or Basket, and may sell financial products to, or advise such senior executives in relation to MINIs and matters unconnected with the MINIs.

These trading activities may affect (positively or negatively) the price at which the Underlyings (or a component of the Underlyings) of MINIs trade in the secondary market.

RBS has a conflicts of interest policy to ensure that it identifies and appropriately manages all conflicts of interest. RBS’s conflicts of interest policy relates to its monitoring, prevention and other compliance measures related to the management of conflicts of interest. At all times, RBS attempts to prevent or manage conflicts of interest in accordance with its policy.

### 3.19 Exercise and registration

A person exercising a MINI risks the Exercise Notice being invalid if the person is not, to the knowledge of, or in the reasonable opinion of RBS, the last of those persons who became entitled to be the Holder of the MINIs on the Exercise Day. If the Exercise Notice is of no effect for this reason, then the person exercising it has no entitlement to any Early Termination Amount or any other payment or transfer from RBS in relation to the MINIs.

If a number of Exercise Notices are given in respect of the same MINIs, RBS will determine which one of the Exercise Notices will be treated as valid. This is a risk associated with investing in the MINIs.

### 3.20 Liquidity of Futures Contracts

Where the Underlying is a Futures Contract, the Issuer intends to Rollover the Futures Contracts shortly before expiry of the Futures Contract by closing out of the “old” Futures Contract and entering into a “new” Futures Contract over the same asset with the same terms, but with a different expiry date. The Issuer will Rollover the Futures Contracts as soon as there is sufficient liquidity in the market for the relevant Futures Contracts. The Issuer will not know ahead of time when this will be, but will notify Holders of the Rollover as

soon as it has been affected and before open of trading on the next Trading Day. If it is not possible for the Issuer to Rollover the Futures Contract for reasons that are out of the control of the Issuer, such as the unavailability of a Futures Contract to roll into, the current Futures Contract will expire and the Issuer can nominate this as an Extraordinary Event and terminate the MINI.

### 3.21 Funding Costs and Interest Rate

The Issuer has an absolute discretion in setting the Interest Rate and consequently the Funding Cost. In general, under normal market trading conditions, the Issuer expects the Interest Rate to reflect the RBA Cash Rate Target and Interest Rate levels in the wholesale money market.

However, it is possible for the Issuer to exercise its discretion to increase (including substantially increase) the Interest Rate and the Funding Cost of one or more MINI Series. Such an increase may occur, for example, because:

- a. the Issuer has incurred or is likely to incur greater costs in issuing or maintaining the MINI;
- b. market conditions affect the liquidity, volatility and pricing of the Issuer's Hedge Positions;
- c. trading practices by investors in the MINIs occurs which are unusual, or which the Issuer did not intend the MINIs to be used for, and which adversely impact the Issuer, the market integrity of the MINIs and the MINI's market price spreads; and
- d. any of the other factors listed in Section 2.5 "How do MINIs work?" in PDS Part 2 are adversely affected.

### 3.22 Adjustment Events

If an Adjustment Event occurs, the Issuer may, with the ASX's consent, make various changes to the Terms of the MINIs. The Holder's consent is not required.

Adjustment Events include (but are not limited to):

- Force Majeure events;
- the Issuer's Hedge Positions being delayed, terminated, adjusted, postponed or changed;
- Market Disruption Events,
- mergers and disposals;
- changes in the Corporations Act or taxation laws;
- suspension or termination of trading in the Underlying (or components that comprise the Underlying);
- failure of a Price Source to publish the price or level of an Underlying (or components that comprise the Underlying);
- material changes in the method of calculation or composition of the Underlying (or components that comprise the Underlying); and
- where the Underlying is Suspended or ceases to be published or available.

Please refer to the definition of "Adjustment Event" in Section 10 "Definitions" in PDS Part 2 and clause 14 of the Terms in PDS Part 2 for more details.

### 3.23 MINIs may not be a suitable investment for all Investors

Each potential investor in a MINI must determine the suitability of that investment in light of their own circumstances. In particular, each potential investor should:

- a. have sufficient knowledge and experience to make a meaningful evaluation of a MINI, the merits and risks of investing in a MINI and the information contained or incorporated by reference in this PDS;
- b. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in a MINI and the impact a MINI will have on its overall investment portfolio;
- c. have sufficient financial resources and liquidity to bear all of the risks of an investment in a MINI;
- d. understand thoroughly the terms of a MINI and be familiar with the behaviour of financial markets and any relevant Underlying; and
- e. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The MINIs are complex financial instruments. A potential investor should not invest in a MINI unless it has the expertise (either alone or with a financial adviser) to evaluate how a MINI will perform under changing conditions, the resulting effects on the value of a MINI and the impact this investment will have on the potential investor's overall investment portfolio.

### 3.24 Commodity risks

The Underlyings (or components that comprise the Underlyings) for a Series of MINIs may provide exposure to commodities. For example, a Futures Contract may relate to a commodity. There are specific risks involved with investments relating to commodities. In particular, potential Holders should understand that investments linked to commodity markets may be negatively affected by global economic, financial, natural, weather, environmental and political events and developments, and that such events and developments, among other things, may have a material effect on the value of the commodity and therefore also on the value of the MINIs.

### 3.25 Leverage

Investing in MINIs involves a higher degree of risk than an investment in the corresponding Underlyings because (among other things) the MINIs are leveraged products. Leverage multiplies the effect of both increases and decreases in the value of the Underlyings (or components that comprise the Underlyings) on the value of the MINIs. Leverage magnifies the amount of both the profits earned and losses sustained. The leverage provided by investing in the MINIs means that the risks of investment are greater than in the case of an investment of the same amount in the Underlyings (or components that comprise the Underlyings) (where applicable).

### 3.26 Change of Law

The conditions of the MINIs are based on New South Wales law in effect as at the date of PDS Part 1. RBS is a public limited

company incorporated in Scotland and is regulated by the Financial Services Authority in the United Kingdom. Changes in the law or its interpretation in Australia, Scotland or the United Kingdom, including taxation and corporate regulatory laws, practice or policy, could have a negative impact on the returns to Holders and may cause an Extraordinary Event or an Adjustment Event to occur.

### **3.27 Over-Issuance**

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more MINIs than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its Affiliates) may hold such MINIs for the purpose of meeting any investor interest in the future. Prospective investors in the MINIs should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

### **3.28 Index Disclaimer**

References to particular Underlying Indices are included only to indicate the basis upon which growth is calculated, not to indicate any association between the Issuer and the third party index provider, or endorsement of the product by the Sponsor of the index. The MINIs are not in any way sponsored, sold or promoted by any relevant stock market, relevant 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.

### **3.29 Weighted average and the Basket**

The use of a weighted average to calculate the Underlying Price where the Underlying is a Basket can reduce adverse effects of a Basket where some components that comprise the Basket have suffered from falling prices or levels, or sudden falls in prices or levels in the case of a MINI Long or where some components that comprise the Basket have suffered from rising prices or levels, or sudden rises in prices or levels in the case of a MINI Short. Equally, it can reduce the benefits of a Basket where some components that comprise the Basket have benefitted from increasing prices or levels, or sudden rises in prices or levels in the case of a MINI Long or decreasing prices or levels, or sudden falls in prices or levels in the case of a MINI Short.

### **3.30 Taxation**

A change in the tax treatment of the MINIs or returns from the MINIs may affect the returns, see Section 7 “Taxation” for more information.

### **3.31 Cooling-off rights**

There is no cooling-off period when you purchase MINIs.

## 4. Costs & fees

### 4.1 What are the costs of investing in MINIs?

The initial consideration contributed by potential investors for the MINIs is the Capital Outlay.

The PDS does not specify the amount of the Capital Outlay. This is because the amount of the Capital Outlay will depend on a variety of factors at the time of purchase, including the market price of the relevant Underlying (and any components that comprise the Underlying) and the volatility of that price. The amount of the Capital Outlay will vary accordingly, from time to time. As the MINI is quoted on the ASX, the Capital Outlay will be quoted on the ASX.

### 4.2 Brokerage

The Issuer will not charge brokerage fees for your MINI transaction as MINIs cannot be purchased directly from the Issuer. MINIs can be purchased from any ASX-approved broker, and your broker will advise you on the brokerage fees payable.

### 4.3 Transfer Tax

Transfer Taxes may apply to the purchase, sale, transfer or exercise of the MINIs.

The Issuer must, on request from a Holder on a Business Day, specify to the Holder the amount of the Transfer Tax, the relevant number of MINIs exercised on that Business Day and give the Holder a unique identifying number for the quotation in relation to that specification.

If an Exercise Notice in respect of the number of MINIs for which the amount of Transfer Tax was sought by the Holder:

- is received by the Issuer within two Business Days after the date on which the Transfer Tax unique identifying number is given to the Holder; and
- specifies the Transfer Tax unique identifying number given to the Holder for the MINIs,

then the amount of the Transfer Tax for the purposes of the exercise of those MINIs is the amount so specified by the Issuer to the Holder at the time the Holder is given the Transfer Tax unique identifying number.

### 4.4 Expenses

Expenses include any reasonable incidental costs, including unwinding of Hedge Positions, Transfer Taxes and/or brokerage expenses incurred by the Issuer in relation to the Expiry Date upon exercise of a MINI.

These costs and expenses may reduce the Cash Amount by up to 20% upon exercise of a MINI. Factors that may influence the determination of Expenses are market volatility and/or illiquidity in the Underlying. As each of these increases, whether individually

or simultaneously, the Expenses that the Issuer incurs increases, impacting the Cash Amount a Holder receives following their lodging of an Exercise Notice.

For example, if, for a MINI Long, with a FX Hedge or no applicable Exchange Rate and the maximum level of Expenses:

Final Reference Price for an XYZ Share is \$20.0000

Strike Price is \$15.0000

Multiplier is 1.

Expenses reduce the amount you receive by 20% (or \$1.00).

Then, applying the formula for a MINI Long with a FX Hedge or no relevant Exchange Rate set out in Section 2.12 “What about the exercise of a MINI”, the Cash Amount you would receive  $[(\$20.0000 - \$15.0000) \times 1] - \$1.00 = \$4.00$  per MINI Long.

Or, for a MINI Short, with a FX Hedge or no applicable Exchange Rate and the maximum level of Expenses:

Final Reference Price for XYZ Share is \$20.0000.

Strike Price is \$23.0000.

Multiplier is 1.

Expenses reduce the amount you receive by 20% (or \$0.60).

Then, applying the formula for a MINI Short with a FX Hedge or no relevant Exchange Rate set out in Section 2.12 “What about the exercise of a MINI”, the Cash Amount you would receive  $[(\$23.0000 - \$20.0000) \times 1] - \$0.60 = \$2.40$  per MINI Short.

### 4.5 Commissions and payments to financial advisors

RBS may pay trailing commissions or fees or other amounts to third parties in connection with the MINIs (including to Distribution Managers, financial advisors or brokers). These commissions are payable by RBS out of its own funds at no additional cost to Holders.

## 5. Frequently asked questions

### 5.1 How do I trade MINIs?

MINIs trade as warrants on the ASX. You can place an order with your ASX-approved broker or financial advisor who will arrange the purchase of MINIs on the ASX.

The Issuer reserves the right to buy-back MINIs that have been issued and to resell them after the initial issue of the Series.

### 5.2 Will I be subject to margin calls?

No. The leverage is limited in recourse to the Underlying. Even if the price of the Underlying falls below the Strike Price during the life of the MINI, there will be no margin calls.

### 5.3 Will I be obliged to pay the Strike Price?

No. Even if you exercise the MINI, the Strike Price will affect the Cash Amount you receive. You will not have to pay it.

### 5.4 What is the Interest Rate applicable and will it change during the life of the MINI?

The Interest Rate is a variable rate that changes daily and is therefore not disclosed in this PDS. The Interest Rate will vary from time to time during the life of the MINI. This Interest Rate will be announced by the Issuer before any changes are made on its website [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants) and via the ASX Company Announcement Platform (see Section 2.7 “Calculation of Funding Costs” in PDS Part 2 and Section 3.21 “Funding Costs and Interest Rate” in PDS Part 2).

### 5.5 What is the stock borrowing rate and will it change during the life of the MINI Short?

Part of the Issuer’s hedge for MINI Shorts where the Underlyings are Securities (or any components that comprise the Underlyings are Securities) involves stock borrowing. The stock borrowing cost is incorporated into the Funding Cost which is added to, or deducted from the Strike Price of a MINI Short (please see Section 2.7 “Calculation of Funding Costs” in PDS Part 2). Stock borrowing rates vary according to market forces. Each Underlying Security (or any Security that comprises the Underlying) will have a different stock borrowing rate at any given time, which can depend on various factors such as availability and liquidity. The Issuer may vary stock borrowing rates at any stage during the life of the MINI Short. The Issuer will not announce these rates when changes are made. However, the rates will be reflected in the Interest Rate applicable to a MINI Short, which is announced by the Issuer (please refer to Section 5.4 of this PDS Part 2).

### 5.6 Do MINIs give rights to income and rights associated with the Underlyings?

A MINI Long does not confer on any Holder any entitlement to any income or rights (including voting rights) in respect of the Underlyings (or any components that comprise an Underlying). A MINI Short does not confer on the Issuer any entitlement to any income or rights (including voting rights in respect of the Underlyings (or any components that comprise an Underlying)).

### 5.7 Can I exercise the MINI early?

Yes. MINIs are “American Style” exercise, which means they may be completed at any time. To complete an exercise, the Holder must contact the Issuer at 1800 450 005 to confirm the Strike Price (and whether the Funding Costs have been added to, or subtracted from the Strike Price) for exercise and receive an Exercise Reference Number. The Holder must then complete an Exercise Notice (with the Strike Price and Exercise Reference Number included) and return this to the offices of the Issuer within two Business Days of receiving an Exercise Reference Number. MINIs may only be cash-settled.

### 5.8 What happens when the performance of the Underlying triggers the Stop Loss Level?

When the Stop Loss Level is triggered, the MINI is placed into a trading Suspension. An announcement will be made on the ASX Company Announcement Platform. At this point in time, the Issuer will seek to close out the Hedge Position in the Underlying on a “best endeavours” basis to realise some value for the MINI that is subject to the Stop Loss mechanism. Once the Hedge Position is unwound and an average exit price (the Stop Loss Termination Reference Price) is determined, the trading Suspension is lifted so that Holders are able to sell their MINI to the Issuer at the prevailing Remaining Value level determined over the Stop Loss Termination Valuation Period. Please refer to Section 2.11 “Stop Loss” in PDS Part 2 for further details.

### 5.9 When can a Stop Loss Event occur?

The Stop Loss Level may be triggered at any time the Underlying is available for trading on the Relevant Exchange (except as otherwise provided in PDS Part 1 for a particular Underlying). This means that a Stop Loss Event can occur even when the MINIs are unavailable for trading on the ASX. For example, if the Underlying is an overseas Index that trades when the ASX is closed and the Index level falls below the Stop Loss Level whilst the ASX is closed, then a Stop Loss Event will occur. If the Stop Loss Event occurs whilst the MINIs are unavailable for trading on the ASX, the MINIs will be placed into trading Suspension immediately on the opening of trading on the next Trading Day on the ASX.

### 5.10 What happens if I don't sell a MINI to the Issuer when the MINI returns from the trading Suspension following the trigger of a Stop Loss?

If a Holder chooses not to sell their MINI into the market at the Remaining Value when the MINI comes out of its trading Suspension, they will receive a payment from the Issuer equivalent to the Remaining Value of the MINI within 10 Business Days from the Suspension of trading.

### 5.11 What happens in the event of a Takeover Bid?

In the event of a Takeover Bid, where the Underlyings of the MINI are Securities or a Basket with components that are Securities, then those Underlyings may change if there is a compulsory acquisition following a Takeover Bid. Holders will not be able to participate in or accept Takeover Bids that do not proceed to compulsory acquisition.

Please refer to Section 3.11 "Takeover or tender offers for listed entities" in PDS Part 2 for further details.

### 5.12 What happens in the event of a special distribution?

In the event of a special distribution of cash or other assets, the Strike Price and Stop Loss Level of the MINI will be changed to reflect the equitable value of the distribution. It will not be passed on to the Holder.

### 5.13 Can I receive the franking credits attached to Dividends?

No, franking credits will not be passed through to Holders. Similarly, they will not result in changes to the Strike Price to reflect their equitable value.

### 5.14 Can the MINIs terminate early?

Yes, the MINIs can terminate early if:

- a Stop Loss Event occurs (with the termination occurring ten Business Days after the Suspension of trading of the MINI if it is not already sold back to the Issuer);
- if an Extraordinary Event occurs (including an Adjustment Event nominated to be an Extraordinary Event);
- the Issuer gives Holders at least one calendar month's notice of its intention to terminate (the Issuer cannot give such a notice until three months after the Issue Date); or
- if a Holder exercises their MINIs.

### 5.15 What do I get if the MINIs terminate early?

If the MINIs expire as a result of an Extraordinary Event or because of a termination notice from the Issuer, you will receive:

- for a MINI Long with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):

$$\frac{[(\text{Final Reference Price} - \text{Strike Price}) \times \text{Multiplier}]}{\text{Exchange Rate}};$$

- for a MINI Long with FX Hedge or no relevant Exchange Rate:

$$[(\text{Final Reference Price} - \text{Strike Price}) \times \text{Multiplier}];$$

- for a MINI Short with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):

$$\frac{[(\text{Strike Price} - \text{Final Reference Price}) \times \text{Multiplier}]}{\text{Exchange Rate}};$$

- for MINI Short with FX Hedge or no relevant Exchange Rate:

$$[(\text{Strike Price} - \text{Final Reference Price}) \times \text{Multiplier}];$$

If the MINIs expire as a result of a Stop Loss Event, you will receive the Remaining Value. Please refer to Section 2.8 "Stop Loss" in PDS Part 2.

### 5.16 What happens if a Market Disruption Event occurs?

If a Market Disruption Event occurs, calculations required for the MINIs (such as Strike Price, Remaining Value or Intrinsic Value) may be delayed until the Market Disruption Event ends or the MINIs may expire.

### 5.17 Is there a cooling-off period?

No, there is no cooling-off period when you purchase MINIs.

### 5.18 Does the Issuer take into account any labour standards or social, environmental or ethical considerations in relation to MINIs?

No, the Issuer does not take into account any labour standards or social, environmental or ethical considerations in the selection, retention or realisation of the investment. Potential Holders should make their own enquiries as to whether the issuer of the Underlyings (or components that comprise the Underlyings) takes into account any labour standards or social, environmental or ethical consideration. Please refer to their respective websites for further information.

## 6. Description of the Issuer

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

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

RBS is a public limited company incorporated in Scotland with registration number SC090312. RBS is regulated by the Financial Services Authority in the United Kingdom and has registered with ASIC as a foreign company with ABN 30 101 464 528. RBS' registered office in Australia is provided in the Directory at the back of PDS Part 2.

As at 31 December 2010, RBS had net assets of GBP 57.607 billion. This figure is updated from time to time at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

The value of the MINIs and the ability of RBS to meet its obligations in respect of the MINIs depends on, among other things, the financial performance of RBS. The obligations of RBS are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of RBS. RBS' obligations in respect of the MINIs are not guaranteed by any party.

**Further information in respect of the the Issuer is available in PDS Part 1.**

Financial information for the RBS Group is available at [www.investors.rbs.com](http://www.investors.rbs.com), however, please note that no other RBS Group entity is guaranteeing the obligations of RBS in respect of the MINIs and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in MINIs. You should instead focus on the financial information relating to RBS itself and not the RBS Group.

Holders must make their own assessment of RBS' ability to meet its obligations in respect of the MINIs. Additional information can be located at the global website, [www.rbs.com](http://www.rbs.com) or the Australian website, [www.rbs.com.au](http://www.rbs.com.au).



## 7. Taxation considerations

Set out below is a summary of the Australian income tax consequences for an Australian resident Holder operating from Australia and acting in their own name. It assumes the Holder is either a day trader or speculator that acquires MINIs for the purpose of deriving short-term gains by way of either sale or Cash Settlement.

This summary is general in nature and does not take into account the specific tax circumstances of any individual Holder. All potential investors should seek independent professional advice in relation to their own circumstances before investing.

This summary is based on the law and administrative practice in effect at 21 July 2011. Holders should be aware that the ultimate interpretation of the law rests with the courts and that the law, and the way the Commissioner of Taxation (“**the Commissioner**”) administers the law, may change at any time.

This summary has been prepared by Baker & McKenzie for the purposes of inclusion in this PDS and any opinions expressed in this tax summary are those of Baker & McKenzie and not RBS.

### 7.1 This is not a financing arrangement for RBS

We understand that MINIs are not issued by RBS to:

- raise finance for itself or a connected entity;
- fund another scheme, or part of another scheme, that is undertaken to raise finance for itself or another entity; or
- fund a return, or part of a return, payable or provided under another scheme, or part of another scheme, that is undertaken to raise finance for itself or a connected entity.

The MINIs should therefore not be “financing arrangements” for RBS (as defined for income tax purposes).

If the Commissioner took the view that the MINIs were issued for one of these three purposes, the tax treatment of the MINIs in the hands of a Holder could be different to that set out below.

### 7.2 Gains and losses from dealing in MINIs

#### Speculators

Investments in MINIs by speculators will typically be “profit making schemes” for income tax purposes. As such, any profit on sale or Cash Settlement should be ordinary income. This view is consistent with the Commissioner’s comments in Income Tax Ruling TR 92/3, IT 2228 and TR 2005/15. Although the features of a MINI differ from that of the specific derivative contracts referred to in these tax rulings, the underlying logic of these rulings are equally applicable to a MINI.

Similarly, any loss would be an allowable deduction to speculators.

The gain/loss is calculated by reference to the Cash Amount or on market sale price less the Capital Outlay and any brokerage or other capitalised costs incurred in holding or disposing of the MINI.

Where a MINI terminates as a result of a Stop Loss Event, the Holder makes a deductible loss equal to the Capital Outlay and any brokerage or other capitalised costs incurred in holding or disposing of the MINI, less the Remaining Value.

These conclusions can in certain circumstances be displaced. If a Holder acquires a MINI as a long-term investment proposition only once (or only occasionally) and does not engage in any income-producing activities of a character bearing some association or connection with the MINI, it may be arguable that any gain is not ordinary income, but rather should be recognised on capital account and assessed under the Capital Gains Tax (CGT) provisions. (Speculators who consider that they fall within this category should obtain additional advice on this issue.)

#### Day traders

Day traders are effectively taxed on the same basis as speculators, albeit in conjunction with the trading stock provisions of our tax law in circumstances where the day trader has acquired the MINI for the purpose of sale or exchange in the ordinary course of business.

Day traders should include any gain/loss in assessable income. This gain/loss should be calculated by reference to the Cash Amount or on market sale price less the Capital Outlay and any brokerage or other capitalised costs incurred in holding or disposing of the MINI.

Where a MINI terminates as a result of a Stop Loss Event, day traders make a deductible loss equal to the Capital Outlay and any brokerage or other capitalised costs incurred in holding or disposing of the MINI, less the Remaining Value.

### 7.3 CGT

A MINI is a CGT asset.

The gain/loss made by a Holder when it sells or exercises a MINI and receives Cash Settlement may be recognised under the CGT provisions. The CGT gambling exemption (which disregards capital gains or capital losses in certain circumstances involving gambling) should not be available.

However, the gain under the CGT provisions is reduced to the extent that the same gain is assessable as ordinary income (as discussed above). As a practical matter, this has the effect that for most Holders, any gain from the investment will be assessable solely as ordinary income and will not be recognised under the CGT rules.

To the extent that a loss made from dealing in a MINI is deductible, a Holder’s reduced cost base in the MINI is decreased. This has the effect of reducing the capital loss made by a Holder on the disposal of the MINI.

## 7.4 Funding Costs and Dividends in MINI pricing

A Holder is not a shareholder in the Underlyings (or any components that comprise the Underlyings). Accordingly, there will be no direct tax consequences for Holders with respect to any Dividends paid on the Underlyings (or any components that comprise the Underlyings) and Holders will not be entitled to any franking credits paid on the Dividends. Similarly, there will be no direct income tax consequences for Holders with respect to the Funding Costs added to, or subtracted from, the Strike Price for a MINI. Funding Costs are not a direct loss or outgoing to the Holder (as it is only a notional amount from the Holder's perspective).

However, Funding Costs alter the Strike Price and the value of a MINI. Hence, the Funding Costs indirectly impact on the gain or loss made by a Holder.

Theoretically, all other things being equal, a Dividend payment should for a MINI Long, reduce the Strike Price and market value of an Underlying (or any components of the Underlying) by an equivalent amount and for a MINI Short, increase the Strike Price and the market value of an Underlying (or any components of the Underlying) by an equivalent amount. Therefore, the payment of a Dividend does not have an impact on the gain or loss made on the eventual sale of the MINI (although as a practical matter, this may not always be the case).

## 7.5 Holding period rule

Holders should bear in mind that the acquisition of a MINI Short may impact entitlements to franking credits on Dividends paid on **other** Underlyings (or any components that comprise the Underlyings) that have a negative correlation to the MINI.

This is because a shareholder is entitled to a franking credit on a franked Dividend if, and only if, the shareholder has a 30% net position in the share during a pre-defined qualification period. Holders should review this issue by reference to their own circumstances.

As these rules are not directly relevant to MINIs, they are not discussed at length.

## 7.6 Part IVA of the Income Tax Assessment Act 1936 ("1936 Act")

Part IVA of the 1936 Act outlines a general anti-avoidance regime for direct tax purposes. The regime can apply to any tax benefit obtained under a scheme where any party to the scheme has entered into it for the dominant purpose of enabling a taxpayer to obtain a tax benefit in connection with the scheme. The application of Part IVA of the 1936 Act depends on the circumstances of each Holder. You should discuss the potential application of these rules with your own tax advisor.

## 7.7 Taxation of financial arrangements

Division 230 contains the final stages of the taxation of financial arrangements (TOFA) reforms. There are a number of exclusions from TOFA. For example, the TOFA rules should not apply to financial arrangements held by individuals or superannuation entities where broadly the assets held are less than \$100 million provided the financial arrangements held are not qualifying securities.

The Commissioner's reasoning in TR 2005/15 and IT 2228 relies on an analysis that the derivative contracts referred to in these tax rulings are not securities. Although the features of a MINI differ from the specific derivative contracts referred to in these tax rulings, the underlying logic of these rulings are equally applicable to a MINI. On this reasoning, MINIs are not qualifying securities and therefore the TOFA provisions should not apply.

As the taxation profile of each Holder is different, each Holder should seek their own independent taxation advice.

## 7.8 GST and stamp duty

The acquisition of a MINI is not subject to GST since the acquisition constitutes a financial supply (being a derivative).

The fact that the acquisition is a financial supply may adversely affect a Holder's ability to claim input tax credits for GST paid on acquisitions made to acquire the MINI (this would be where the financial supplies made by the Holder exceeds their financial acquisitions threshold).

A Holder may be able to claim a reduced input tax credit in respect of brokerage fees paid to acquire or dispose of a MINI.

The transfer to a Holder of a MINI will not trigger stamp duty consequences for the investor, where at the time of the transfer, the MINI or Underlying was listed and quoted on a recognised stock exchange.

## 7.9 Proposed foreign accumulation fund provisions

Reforms were announced in the 2009-10 Federal Budget to Australia's foreign source income anti-tax deferral attribution rules. To this end, the Foreign Investment Funds (FIF) provisions were repealed from 1 July 2010 with an intention of being replaced with a narrower anti-deferral rules that applies to offshore accumulation or roll-up funds referred to as foreign accumulation funds (FAFs). On 17 February 2011 the Assistant Treasurer released for public consultation the exposure draft legislation on the FAF rules. Based on the current draft we do not expect the new FAF rules to apply to a MINI as they do not entitle the investor to hold an interest in a foreign entity, which is one of the requirements for the FAF rules to apply.

As these provisions are currently in exposure draft form, Holders should discuss the progress of these provisions with their own professional tax advisor.

## 8. General information

This section outlines some information of interest to potential investors in the MINIs. It does not purport to identify all of those matters which might be of interest to potential investors.

This PDS is of a general nature only and should not be regarded as constituting legal, financial or taxation advice.

### 8.1 Admission to trading status on the ASX

An application has been made and approval given for the MINIs to be admitted to trading status by the ASX. The fact that the ASX has admitted the MINIs to trading status is not to be taken in any way as an indication of the merits of the Issuer or of the MINIs now offered for subscription. The ASX does not warrant the accuracy or truth of the contents of this PDS.

In admitting the MINIs to trading status and not objecting to the Terms, the ASX has not authorised or caused the issue of this PDS or the making of offers or invitations for the MINIs. The ASX takes no responsibility for the contents of this PDS. The ASX makes no representation as to whether this PDS and the Terms comply with the Corporations Act or the ASX Operating Rules.

To the extent permitted by the ASIC Act, the Corporations Act or any other relevant law, the ASX will be under no liability for any claim of whatever kind, including for any financial or consequential loss or damage suffered by Holders or any other person, if that claim arises wholly and substantially out of:

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

### 8.2 National Guarantee Fund – not a guarantor in all cases

Claims against the National Guarantee Fund may be made only for secondary trading in MINIs between brokers on the ASX and can in no way relate to the primary issue of MINIs by the Issuer or settlement obligations of the Issuer arising from the exercise or termination of a MINI.

### 8.3 CHESS System

The MINIs will be CHESS Approved Securities, which means they have been declared eligible to participate in CHESS pursuant to the ASX Settlement Operating Rules.

On market transfers will be effected through CHESS. Holders will be provided with a holding statement (not a certificate) which sets out the number of MINIs they hold and includes their HIN.

### 8.4 Market making

To ensure sufficient liquidity, the Issuer undertakes to the ASX that it will make a market by maintaining buy and sell orders for the life of the MINIs. Please refer to Section 3.8 “Possible illiquidity of trading market” for more information on the limitations and risks associated.

### 8.5 Tax considerations

Subscribing for, purchasing, holding, dealing or exercising MINIs may have income tax or capital gains tax implications for individual Holders. Please see Section 7 “Taxation Information” for more information. Potential Holders should take their own advice in this matter.

### 8.6 Legislation regulating disclosure by substantial holders of securities and takeovers

The acquisition of MINIs may have implications for a Holder under the Corporations Act provisions regarding substantial holdings in securities and takeover provisions. Holders should seek their own advice about this as the precise implications depend on the Holder's particular circumstances.

### 8.7 ASIC Class Orders applicable to warrants

ASIC has issued various Class Orders which apply to the MINIs issued under this PDS:

- **ASIC Class Order 02/608 - Relief for on-market purchasers.** The sale of a MINI may have implications for a Holder of such a MINI under the Corporations Act provisions regarding the requirements for disclosure documents for sales of securities. Holders should seek their own advice in this regard. Any sale or purchase of MINIs on the secondary market does not require the Issuer to provide a PDS to the Holder pursuant to ASIC Class Order 02/608.
- **ASIC Class Order 02/924 – No relevant interest for Holder of MINIs in respect of the takeover provisions.** The Holder of a MINI for which the Underlying (or a component that comprises an Underlying) is a Security does not have a relevant interest in the Securities underlying the MINI for the purposes of the takeover provisions of the Corporations Act.
- **ASIC Class Order 02/925 – No relevant interest and no association for Issuer of a MINI.** The Issuer of a MINI where the Underlying (or a component that comprises the Underlying) is a Security does not have a relevant interest in the relevant Security and no association arises between the Holder and Issuer of the MINI (merely because of the MINI).

- **ASIC Class Order 02/926 - No relevant interest and no association for Issuer of a MINi.** The Issuer of a MINi where the Underlying (or a component that comprises the Underlying) is a Security does not have a relevant interest in the relevant Security and no association arises between the Holder and Issuer of a MINi (merely because of the MINi).

## 8.8 Short selling

The acquisition of a MINi (where the Underlying, or a component that comprises the Underlying, is a Security) may have implications for a Holder under the Corporations Act provisions regarding short selling. Holders should seek their own advice about this as the precise implications depend on the Holder's particular circumstances.

## 8.9 Foreign Holders

### Foreign Acquisitions and Takeovers Act

Acquisitions and exercise of MINIs may also have implications for a Holder under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (**FATA**). Potential investors should seek their own legal advice about all aspects of the proposed investment, including but not limited to those referred to below.

FATA empowers the Treasurer of Australia (**the Treasurer**) to prohibit a proposed acquisition of shares in an Australian corporation where, as a result of the acquisition a foreign person, together with its associates, would have an interest in not less than 15% of the issued shares in a corporation, or two or more foreign persons (together with their associates) would in aggregate have an interest in not less than 40% of the issued shares in the corporation. Where such an acquisition has already occurred, the Treasurer has the power to order a person who acquired the shares to dispose of them. The concepts of "acquisition", "interests", "associates" and "foreign person" are very widely defined in FATA. In addition, FATA requires certain persons who propose to make such acquisitions to notify the Treasurer of their intention to do so. The acquisition of MINIs might constitute an acquisition or proposed acquisition of an Underlying (or components that comprise an Underlying) for the purposes of FATA. FATA would require an existing interest in shares held by a potential investor or its associates to be aggregated with any interests to be acquired by virtue of the acquisition of MINIs for the purpose of determining compliance with FATA.

Potential investors should seek their own independent legal advice as to the nature and applicability of these restrictions in the context of MINIs.

### Other legislation

Foreign ownership of Securities in Australian companies may also be restricted under other Commonwealth legislation or under Commonwealth Government policy, for example, in relation to Australian banks and other financial institutions, insurance companies and companies in the telecommunications sector. Potential investors should seek their own independent legal advice as to the nature and applicability of these restrictions in the context of MINIs.

## 8.10 Personal Property Securities Act

The Issuer has included provisions within the Terms to ensure that relevant steps are taken in respect of the MINIs in the event that a security interest under the PPS Act will arise (if provided by the Holder) in relation to the MINIs.

## 8.11 Other matters to consider

The acquisition of MINIs could also have implications for investors under other legislation and may be restricted under the relevant constitution of the entity issuing the Underlying (or any components that comprise the Underlying). For example, if the issuing entity of the Underlying is Telstra Corporation Limited, the Telstra Corporation Act 1991 may apply. Potential investors should seek their own advice in this regard.

## 8.12 Privacy

RBS collects your personal information in order to:

- provide and manage the financial products and services provided by RBS to you;
- comply with relevant laws (such as anti-money laundering and counter-terrorism legislation); and
- keep you informed of new products and services.

RBS may use the information to send out information concerning RBS's other trading and investment products. If you do not actively select to not receive any information on RBS's other trading and investment products, you are taken to have consented to receive such information. If at any time you are receiving information from RBS about RBS products and do not wish to receive further correspondence, you will need to let RBS know by calling 1800 450 005.

RBS may disclose information about you to third parties where it is necessary for business purposes in managing a financial product or service and/or where RBS has service partners involved in providing your financial products or services. On request, RBS will provide you with a copy of any personal information which RBS holds about you. RBS will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide RBS with the personal information which RBS requests, RBS may not be able to provide a service, or RBS may be required by law to take particular actions such as deducting taxation at the top marginal rate.

Further information about RBS's privacy practices can be found by requesting a copy of RBS's privacy policy. If you inform RBS that information it holds about you is not accurate, complete or up-to-date, RBS will take reasonable steps to correct it.

## 8.13 Consents

Baker & McKenzie has given, and not withdrawn, its consent to being named in this PDS, but has not authorised, and should not be taken to have caused the issue of any part of this PDS, other than Section 7 relating to taxation considerations.

## 8.14 Important information regarding the Underlying

None of the Issuer or its Affiliates has the ability to control or predict the actions of any manager, issuer or Sponsor of any Underlying (or component that comprises an Underlying). No manager, issuer or Sponsor of an Underlying (or component that comprises an Underlying) is involved in, sponsors or endorses the offer of the MINIs in any way and none has any obligation to consider the interest of the Holders of the MINIs in taking any corporate actions that might affect the value of the MINIs.

None of the Issuer or any of its Affiliates assumes any responsibility for the adequacy of the information about any Underlying (or component that comprises an Underlying) or manager, issuer or Sponsor of an Underlying (or component that comprises an Underlying). The Issuer is not responsible for any public disclosure of information of such Underlying (or component that comprises an Underlying), whether contained in ASX filings or otherwise.

### 8.15 Cooling off

No cooling off rights apply to the issue of MINIs.

### 8.16 Additional information

This PDS is current as at 21 July 2011. Information in this PDS is subject to change from time to time. Where information that is not materially adverse to Holder's changes, RBS will update the information by posting a notice on its website at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants). You can also obtain a paper copy of updated information upon request at 1800 450 005.

RBS may also be required by law to issue a Supplementary Product Disclosure Statement as a result of certain changes. Any Supplementary Product Disclosure Statement will be available on the Issuer's website at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants). You can also obtain a paper copy of updated information or any Supplementary Product Disclosure Statement free of charge upon request on 1800 450 005.

Where there a Supplementary Product Disclosure Statement is issued, RBS will also notify the ASX and make an appropriate announcement to the market.

Should RBS issue any ASX-traded managed investment warrants, it proposes to take advantage of ASIC relief provided by Class Order 03/957 (as amended by Class Order 04/188 and Class Order 07/151) and comply with its obligations concerning ongoing disclosure of material changes and significant events.

If you require up-to-date purchase prices of the MINIs, up-to-date financial statements and accounts relating to RBS and all other up to date information concerning the MINIs, please contact us on 1800 450 005 (toll free) or visit the website [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants). Paper copies of the information are available free on request.

For more information about any other products offered by RBS, contact your stockbroker or financial advisor. Alternatively, you can call us at 1800 450 005, or visit RBS's website at [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

### 8.17 Complaints and enquiries

If a Holder has an enquiry or concern about their investment, they should contact us on 1800 450 005 or in writing to:

#### **The Royal Bank of Scotland plc**

Warrants Department  
Level 22, RBS Tower,  
88 Phillip Street  
Sydney NSW 2000

Or

GPO Box 4675  
Sydney NSW 2001

If you have a complaint and it is not addressed to your satisfaction by the Warrants Department, you can then direct your complaint to the Head of Compliance using the addresses above.

RBS Compliance will acknowledge receipt of your complaint in writing. Your complaint will be investigated in accordance with the RBS Group Complaints Policy (which can be read at [www.rbs.com.au](http://www.rbs.com.au)). You will be informed in writing of the result of the Compliance investigation into your complaint.

If you are not satisfied with RBS's response to your complaint, you can then contact the Financial Services Ombudsman Service ("FOS").

FOS is independent from the Issuer. Contact FOS:

#### **Mail Financial Ombudsman Service**

PO Box 3  
Melbourne VIC 8007

Or

Telephone: 1300 780 808

Email: [info@fos.org.au](mailto:info@fos.org.au)

FOS is a free, independent external dispute resolution service approved by ASIC to consider complaints. In order for a complaint to be considered by FOS, the claim must be less than AUD500,000 (unless we and you agree otherwise in writing).

## 9. Terms of the MINIs

These are the terms of the MINIs on which Holders agree to acquire a MINI from the Issuer. Capitalised terms have the meaning given in Section 10 “Definitions” in PDS Part 2.

1.1 Unless the context otherwise requires, in these Terms:

- a. a reference to any legislation or legislative provisions includes any statutory modification or re-enactment of, or legislative provisions substituted for, and any subordinate legislation issued under, that legislation or legislative provision;
- b. the singular includes the plural and vice versa;
- c. a reference to any individual or person includes a corporation, partnership, joint venture associations, authority, trust, government and governmental authority and vice versa;
- d. a reference to a gender includes all genders;
- e. a reference to a clause is to a clause of these Terms;
- f. a reference to any agreement or document (including, without limitation, these Terms, the ASX Operating Rules and the ASX Clearing and Settlement Rules) is to that agreement or document (and, if applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- g. a reference to “Dollar”, “cents”, “A\$” and “\$” is a reference to the lawful currency of Australia;
- h. a reference to a matter being “with the consent of the ASX” is a reference to that matter being with the consent of the ASX which consent is not to be unreasonably withheld or delayed;
- i. if any expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- j. a reference to a date or time is to that date or time in Sydney, unless the context requires otherwise;
- k. a reference to the MINIs “ceasing to be officially quoted” is the MINIs ceasing to be officially quoted on the stock market conducted by the ASX, whether by reason of delisting, suspension or otherwise; and
- l. expressions appearing in the Terms which are not otherwise defined in Section 10 “Definitions” in PDS Part 2 which are defined in the Corporations Act have the meaning given to them in the Corporations Act.

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

1.3 All of these Terms are subject to any contrary requirement, from time to time, of the ASX Operating Rules or, when applicable, the ASX Clearing and Settlement Rules unless ASX, or if appropriate, ASX Settlement gives or has given a waiver or consent in respect of the MINIs of or under any of those rules.

## 2. Form and title

- 2.1 The MINIs are issued as ASX-quoted warrants, which will be transferable in accordance with the applicable law and the rules and procedures governing CHESS and ASX Clearing and Settlement Rules.
- 2.2 The Issuer will not issue a certificate evidencing the Holder’s title to the MINIs. The Issuer will instead comply with the rules governing CHESS, the ASX Operating Rules concerning the issue of notices relating to Securities and the ASX Clearing and Settlement Rules.
- 2.3 Whilst a MINI remains admitted to trading status on ASX, the Issuer undertakes to calculate, and on or prior to commencement of trading on each Trading Day, quote the Strike Price and the Interest Rate applicable to each MINI.
- 2.4 The Holder agrees and acknowledges that the Strike Price will be adjusted each day, by adding the Funding Cost to, or deducting the Funding Cost from the Strike Price and deducting the Notional Dividend Amount (if any) (for a MINI Long) and by adding the Funding Cost to, or deducting the Funding Cost from the Strike Price and deducting the Notional Dividend Amount (if any) (for a MINI Short).
- 2.5 The Holder agrees and acknowledges that the purpose of investing in a MINI is to gain exposure synthetically to fluctuations in the price or value of the Underlying. Neither party acquires any interest (beneficial, relevant or otherwise) in or right to acquire any Underlying by virtue of the MINI. The Holder acknowledges that there is no agreement, arrangement, understanding or expectation that the Issuer will acquire Underlyings (including, without limitation, Securities) in relation to the MINI.
- 2.6 In relation to a MINI where the Underlying is a Security or the Underlying is a Basket of Securities, the Holder agrees and acknowledges that in relation to any Underlyings held by or for, or otherwise controlled by the Issuer (whether or not as a Hedge Position in relation to the MINI), the Holder has no right or relevant interest in any of those Underlyings (or component that comprises such Underlyings) or any power in relation to them including, without limitation, any power to control or right to be consulted in relation to the disposal or trading of those Underlyings by the Issuer or any decision by the Issuer with respect to the exercise by the Issuer of the right to vote attaching to any of those Underlyings (or component that comprises such Underlyings).

### 3. Status

- 3.1 The MINIs and the Issuer's obligations under these Terms constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* amongst themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

### 4. Nature of the MINIs

- 4.1 In return for the Holder paying the Capital Outlay to the Issuer,
- a. the Issuer agrees in respect of a MINI Short to:
    - i. following exercise, pay the Holder the Cash Amount per MINI Short; and
    - ii. on the Issue Date, grant a MINI Short to the Holder;
    - iii. set a Stop Loss Level on the Issue Date and each following Stop Loss Reset Date; and
  - b. the Issuer agrees in respect of a MINI Long to:
    - i. following exercise, pay the Holder the Cash Amount per MINI Long;
    - ii. on the Issue Date, grant a MINI Long to the Holder; and
    - iii. set a Stop Loss Level on each Issue Date and each following Stop Loss Reset Date.
- 4.2 Nothing in clause 4.1 obliges the Issuer to make available or otherwise offer to Holders the MINI Short or the MINI Long where, at the Issuer's absolute discretion, the Issuer determines that such MINIs will not be offered to Holders.

### 5. Completion and settlement

#### Completion

- 5.1 Upon the occurrence of Completion, the Issuer will pay or cause to be paid to the Holder the Cash Amount (if any) on the Settlement Date.

#### Satisfaction of obligations

- 5.2 Upon completion and payment of the Cash Amount to the Holder in accordance with this clause 5, the Issuer's obligations to the Holder under these Terms and each MINI are fully satisfied and discharged.

### 6. Transfer of MINIs

- 6.1 A MINI may be transferred only if the transfer is in the manner prescribed by or under the ASX Operating Rules and the ASX Clearing and Settlement Rules.
- 6.2 The transferor of the MINI will be regarded as remaining the owner of the MINI the subject of the transfer until the name of the transferee is entered in the Register in respect of the MINI. On registration of the MINI, the transferee will be recognised as entitled to the MINI free from any equity, set-off or counterclaim of the Issuer against the transferor.
- 6.3 Any person becoming entitled to the MINI in consequence of the death, unsoundness of mind or bankruptcy of any Holder,

upon producing such evidence as the Issuer reasonably requires that the person holds the office in respect of which it is proposed to act, or as to title as successor to the Holder, may transfer the MINI.

### 7. Registration of MINIs

#### 7.1 The Issuer:

- a. must deal with, certify and register a transfer of a MINI which complies with clause 6 in accordance with the ASX Operating Rules and the ASX Clearing and Settlement Rules; and
- b. may refuse to register such a transfer in any circumstances if such refusal is permitted by, and in accordance with any procedures prescribed by, the ASX Operating Rules and the ASX Clearing and Settlement Rules.

- 7.2 No fee will be charged by the Issuer for the registration of a transfer.

### 8. Exercise of MINIs

- 8.1 Provided that no Stop Loss Event or Extraordinary Event has occurred, and notwithstanding notice of an Issuer Call, the MINIs are exercisable by the Holder at any time by delivering an Exercise Notice to the Issuer by the Exercise Time on a Business Day.
- 8.2 An Exercise Notice given to the Issuer cannot be revoked. After delivery of the Exercise Notice, the MINIs which are the subject of such notice may not be transferred.
- 8.3 The Issuer will cash-settle the MINIs subject to the Exercise Notice on the Settlement Date.
- 8.4 Subject to clause 8.1, an Exercise Notice is effective if:
- a. it is given by the Holder or a person who is entitled to be registered as the Holder;
  - b. it contains the Strike Price at which the MINIs will be exercised ("Exercise Strike Price") and the Exercise Reference Number obtained by the Holder contacting the Issuer within two Business Days prior to the date of the Exercise Notice delivered to the Issuer;
  - c. in the case of an Exercise Notice given by a person not registered as the Holder, it states that the person giving the notice claims to be entitled to be registered as the Holder;
  - d. subject to clause 8.7, it exercises all of the Holder's MINIs in that Series;
  - e. the MINIs exercised have not terminated under clause 11 by the time the Exercise Notice is given;
  - f. it certifies that the person delivering the notice or any person on whose behalf the notice is being delivered is a person who is in Australia or a person who would not cause the Issuer to be in breach of the securities laws of any country other than Australia if the MINIs are offered, issued or transferred to that person; and
  - g. it authorises the production of the notice in any applicable administrative or legal proceedings.
- 8.5 If more than one Exercise Notice which complies with the requirements of clause 8.4 is given in respect of a MINI, the

Issuer will determine which notice is to be taken to be the effective Exercise Notice for the purpose of these Terms. This will be the Exercise Notice which the Issuer knows or reasonably believes was given by the last of those persons who became entitled to be the Holder of those MINIs.

- 8.6 If an Exercise Notice given is not effective or the MINI in respect of that Exercise Notice is terminated, then the Issuer will give notice to this effect under clause 15, accompanied by the purported Exercise Notice and all documents and cheques which accompanied it to the person who gave that notice.
- 8.7 If the number of MINIs included in an Exercise Notice:
- exceeds the number of MINIs held by the Holder, the Exercise Notice is valid only to the extent of the number of MINIs held by the Holder; and
  - is not for the Holder's entire holding of MINIs in that Series, the Exercise Notice will be deemed to refer to their entire holding and will be deemed to be valid.

### Exercise and settlement risk

- 8.8 Exercise and settlement of the MINIs are subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Calculation Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Calculation Agent shall under any circumstances be liable for any acts or defaults of any ASX Settlement entity in relation to the performance of its duties in relation to the MINIs.

### Cash Amount

- 8.9 If the Holder of a MINI fails to validly exercise the MINI in accordance with clause 8, within ten Business Days of notice from the Issuer under clause 8.6, then the Issuer or its nominee will send to the Holder a cheque in favour of the Holder for the Cash Amount (if any).

## 9. Stop Loss Event

- 9.1 Immediately upon the occurrence of a Stop Loss Event:
- the Issuer will request that the ASX Suspend admission to trading in the affected MINI, and the Issuer will give notice to Holders in accordance with clause 15;
  - during the Stop Loss Termination Valuation Period, the Issuer will unwind its Hedging Position to determine the Stop Loss Termination Reference Price;
  - the Issuer will request that the ASX reinstate the affected MINI to trading commencing at 2:00 pm (Sydney time) on the same Trading Day as the Stop Loss Termination Valuation Period ends and ending at close of trading on the next Trading Day following the end of the Stop Loss Termination Valuation Period and, thereafter, to Suspend trading for that affected MINI; and
  - the Issuer will buy back any affected MINIs during the period specified in clause 9.1(c) above for the Remaining Value.

- 9.2 If a Holder fails to sell its affected MINI to the Issuer pursuant to clause 9.1(d), the Issuer will pay the Remaining Value to the Holder within ten Business Days of the Suspension of trading in the MINI under clause 9.1(c).

- 9.3 Immediately upon close of trading under clause 9.1(c), the affected MINI will be terminated within ten Business Days upon full satisfaction of ASX Operating Rules for an effective termination.

- 9.4 For the avoidance of doubt, a Stop Loss Event will override an Issuer Call and/or exercise provided that the Stop Loss Event occurs prior to or on an Issuer Call Date or Exercise Date, as the case may be.

## 10. Issuer Call

- 10.1 The Issuer may terminate, subject to the occurrence of a valid Exercise Notice or a Stop Loss Event, the MINIs in whole but not in part, on any Business Day by giving Holders at least one calendar month's notice of its intention to terminate the MINIs, such notice to be given at any time from (and including) the Issuer Call Commencement Date.
- 10.2 Any such notice shall specify the Issuer Call Date, which will occur within five Business Days after the one calendar month's notice.
- 10.3 Following an Issuer Call, Completion will be in accordance with clause 5.

## 11. Termination of MINIs

### Effect of termination

- 11.1 When a MINI terminates, it is automatically and permanently cancelled and all rights and obligations created by or in respect of it are terminated except in respect of any Cash Amount or payments under clause 5 and any other rights a party may have arising out of a breach of the Terms by the other party.

### Time of termination of MINIs

- 11.2 A MINI automatically terminates on the earliest of the following:
- Extraordinary Event – if there is an Extraordinary Event, with that termination taking effect on and from the date nominated by the Issuer (with the consent of the ASX);
  - Stop Loss Event – if a Stop Loss Event occurs, with that termination taking effect in accordance with clause 9.3;
  - Issuer Call – on the Issuer Call Date; or
  - Exercise – if the MINI is exercised on the Settlement Date.

### Buy-backs and cancellation

- 11.3 The Issuer may buy back or issue a MINI, and itself or a nominee may become the Holder of a MINI. This will not cancel, merge, terminate or otherwise affect the MINI.
- 11.4 A MINI bought back by the Issuer may be cancelled or resold (other than a MINI bought back after a Stop Loss Event) at any time prior to cancellation. Until a MINI is cancelled, the Issuer has a right to resell the MINI in the market by way of a secondary sale. If the Issuer is the Holder of a MINI, it may cancel the MINI. A MINI is cancelled when the Registrar receives a notice of cancellation from the Issuer.



## 12. Payment day

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

## 13. Nomination of Extraordinary Event

13.1 The Issuer may at any time, acting in good faith, with the consent of the ASX, nominate any event listed in clause 14.1 or nominate any event which is or results in the delisting, withdrawal of admission to trading status or Suspension of the Underlying (or one or more of the components that comprise an Underlying for a particular Series) and/or MINIs (except in the case of a MINI, if that delisting or Suspension is caused by the Issuer) as an Extraordinary Event.

13.2 If the Issuer has nominated an event under this clause 13 and the MINI has not yet terminated under clause 11, the Issuer may, with the consent of ASX, withdraw that nomination at any time.

## 14. Adjustments – discretion of Issuer

14.1 The Issuer, acting reasonably, may determine, with the consent of the ASX, if any of the following has occurred:

- a. an Adjustment Event; or
- b. another event has occurred which the Issuer determines, acting in good faith, requires adjustment to the terms of the MINIs,

then the Issuer may, in its reasonable discretion, with the prior consent of the ASX, make any adjustments to the Underlying (or any one or more of the components that comprise an Underlying for a particular Series), the description of the MINIs, the Multiplier, Strike Price, Exchange Rate, Interest Rate, the Strike Price, the Funding Cost, the Multiplier, the Stop Loss Level, the timing of the adjustments that it considers to be appropriate, or any other term of the MINI including, but not limited to:

- c. substituting part or all of the Underlying (or one or more of the components that comprise an Underlying for a particular Series) with another asset(s);
- d. removing or withdrawing part or all of the Underlying (or one or more of the components that comprise an Underlying for a particular Series);
- e. adjusting, amending, removing or substituting the definition of the Underlying (or one or more of the components that comprise an Underlying for a particular Series) and/or varying any of the items referred to in the PDS;
- f. adjusting, amending or substituting any variable, formula, amount, calculation or term (A) as set out or used in these Terms or the PDS and/or (B) applicable to or in connection with an Underlying (or one or more of the components that comprise an Underlying);
- g. suspending, delaying, postponing, deferring or bringing forward any calculations as appropriate to ensure that reliable values can be obtained or making any necessary calculations having regard to the then prevailing market conditions, the last available prices or values and such

other conditions that the Issuer reasonably determines to be relevant; and/or

- h. nominating an Extraordinary Event under clause 13,

either: (i) in a manner consistent with any adjustment or change made to the Issuer's Hedging Positions and, where appropriate, using similar data as referred to in the Hedging Positions or (ii) as the Issuer otherwise determines, provided that in the reasonable opinion of the Issuer, the adjustment pursuant to this sub-paragraph (ii) is appropriate to put both the Issuer and the Holder in as similar an economic position as possible to what the Investor and the Holder would have been in had the Adjustment Event or such other event referred to in this clause 14.1 not occurred.

14.2 For the avoidance of doubt and without prejudice to clause 2.5, if a Takeover Bid or tender offer is made or announced in relation to a MINI where the Underlying is a Security or the Underlying is a Basket of Securities, the Issuer:

- a. is not obliged to accept the Takeover Bid or tender offer;
- b. will be under no obligation to communicate any information or document it receives in connection with that Takeover Bid or tender offer to any Holder; and
- c. will have no other obligation to any person in connection with that Takeover Bid or tender offer.

### Discretion of the Issuer

14.3 The Issuer must give notice in accordance with the ASX Company Announcement Platform procedures of any adjustment it proposes to make under this clause 14 before the adjustment occurs, or as soon as reasonably practicable after the adjustment occurs.

## 15. Notices required to be given by the Issuer

### Extraordinary Event – nomination and withdrawal

15.1 The Issuer must give notice to each Holder:

- a. of the nomination of an Extraordinary Event under clause 13 and the date on which termination occurs within ten Business Days after the date such nomination is made; and
- b. of any withdrawal of a nomination of an Extraordinary Event made under clause 13, as soon as possible.

### Adjustment Event

15.2 The Issuer must give a notice in accordance with the ASX Company Announcement Platform procedures upon the occurrence of an Adjustment Event as soon as reasonably practicable in the circumstances.

### Stop Loss Event

15.3 The Issuer must give notice in accordance with ASX company platform procedures upon the occurrence of a Stop Loss Event and must give notice to each remaining Holder of the relevant Series as soon as reasonably practicable thereafter of the occurrence of a Stop Loss Event and the completion of the relevant Stop Loss Termination Valuation Period. The Remaining Value of each MINI will also be provided in the notice.

### Issuer Call

15.4 The Issuer must give notice to each Holder of the relevant Series of the occurrence of an Issuer Call under clause 10 within five Business Days after the date such Issuer Call is determined.

### Interest Rate

15.5 The Issuer must give notice to Holders of the Interest Rate by posting this information on its website [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants).

### Futures Rollover

15.6 The Issuer must, upon completion of a Rollover, give notice of any Futures Contract Rollover on the Rollover Date in accordance with ASX Company Announcement Platform procedures.

### Exercise of discretion

15.7 The Issuer must, if so required by the ASX Operating Rules, give notice to each Holder at the time required by the ASX Operating Rules of the exercise of any of the discretions conferred on it by these Terms.

## 16. Method of giving notices by the Issuer

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

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

16.2 In addition to the methods of giving notices described in clause 16.1, the Issuer may give a notice required under clause 14 or otherwise required by these Terms by giving notice in accordance with the ASX Company Announcement Platform procedures and the ASX Operating Rules.

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

### Time of receipt

16.4 A notice given by the Issuer in accordance with clause 16.1 is treated as having been duly received:

- a. when delivered (in the case of it being left at that party's address);
- b. on the third Business Day after posting (in the case of it being sent by pre-paid mail); and
- c. as specified in the ASX Operating Rules, or if not specified, on the date the announcement or notice is given on the ASX Company Announcement Platform or otherwise is given in accordance with the ASX Operating Rules.

### Address of parties

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

16.6 If more than one person is entered in the Register as the Holder of any MINI, a notice given to any of those persons is effective as notice to all of those persons.

## 17. Notices by Holder

17.1 All notices required or permitted to be given by the Holder to the Issuer pursuant to these Terms, or otherwise in respect of the MINIs, must be in writing and are treated as being duly given if and only if they are actually received by the Issuer at the office specified in the PDS (the "office") or at such other address as the Issuer specifies by notice to the Holder.

## 18. Terms

### Holder entitled to copy

18.1 If the Holder gives notice to the Issuer requesting a copy of these Terms the Issuer must, within ten Business Days of receiving that notice, supply a copy of these Terms (incorporating any changes) to the Holder.

### Inspection at office

18.2 The Issuer must keep available for inspection at the office a copy of these Terms (incorporating any changes) and the Holder and any other person has the same right to inspect these Terms as it has in respect of the Register.

### Changes to Terms

18.3 The Issuer may from time to time, by notice sent to the Holder make any change to these Terms if:

- a. the terms of that change are authorised by a resolution or consent of the Holders passed in accordance with the provisions of clause 19;
- b. with the consent of the ASX, the change is necessary in the reasonable opinion of the Issuer to comply with any statutory or other requirements of law or a requirement of the ASX, provided that the change is not unfair (as defined in section 12BG of the ASIC Act); or
- c. with the consent of the ASX, the change is necessary in the reasonable opinion of the Issuer:

- i. to rectify any defect, manifest error or ambiguity contained in these Terms; or
- ii. to effect a modification of a formal, minor or technical nature,

and does not materially prejudice the interests of the Holders and, in the Issuer's opinion, is not unfair (as defined in section 12BG of the ASIC Act).

- d. with the consent of the ASX, in the case of an Adjustment Event or an Extraordinary Event (as described in the Terms);
- e. with the consent of the ASX, in the reasonable opinion of the Issuer, the amendment does not materially prejudice the interests of Holders and, in the Issuer's opinion, is not unfair (as defined in section 12BG of the ASIC Act); or
- f. with the consent of the ASX, in the circumstances contemplated under clause 24.

## Notification of change to ASX

18.4 ASX must be notified of any change to these Terms made under clause 18.3.

## 19. Resolutions and requisitions

### Valid resolutions – by ballot

19.1

- a. The Issuer must give notice to all Holders in writing of a proposed amendment to the Terms together with a ballot paper.
- b. Ballot papers must be returned to the Issuer by Holders no later than 20 Business Days after the date of the notice. Each Holder is entitled to one vote for each MINI held.
- c. A resolution is duly passed if 75% or more of the votes cast are in favour of the amendment, where the Issuer or its associates do not vote (unless they are voting as Trustee or nominee for a person who is not an associate).
- d. The Issuer's auditor will determine the validity of all ballot papers and complete a total of all of the votes cast on valid ballot papers during the voting period.

### Valid resolutions - by unanimous consent

19.2 An amendment to the Terms will occur if:

- a. the Issuer gives notice to all Holders in writing of a proposed amendment; and
- b. all Holders consent in writing to the amendment.

## 20. Register

### Member Register

20.1 In respect of each Series of MINIs, the Issuer must keep and maintain (at its cost) a Register of the Holders in accordance with this clause 20 and the requirements of the ASX Operating Rules and the ASX Clearing and Settlement Rules.

### Situation of property

20.2 The property in the MINIs is situated at the place where the part of the Register on which the MINIs is for the time being registered is situated.

### Title to MINIs

20.3 Except as otherwise provided in these Terms, the Issuer must recognise the Holder as the absolute owner of the MINIs and all persons may act accordingly.

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

20.5 There must not be more than three joint Holders of the MINIs, except in the case of the legal personal representatives of a deceased Holder.

20.6 If there are joint Holders of any MINIs and one of those joint Holders dies, the survivor(s) will be the only person(s) recognised by the Issuer as having any title to or interest in the MINIs.

20.7 The legal personal representative of a deceased Holder (not being one of several joint Holders) is the only person recognised by the Issuer as having any title to the Holder's MINIs.

### Accretions

20.8 These Terms do not confer on the Holder any right or interest in respect of Accretions to the Underlying. Accretions to the Underlying (or any components that comprise the Underlying) may lead to adjustments as provided for in clause 14.

## 21. Taxes

### The Issuer not liable

21.1 The Issuer is not liable for any Transfer Taxes or other charge arising from the ownership, transfer or completion or the purchase and sale of a MINI.

### Holder is liable

21.2 The Holder must pay all Transfer Tax and other charges including Goods and Services Tax, if any, and any taxes payable by the Issuer in connection with the purchase, sale or transfer of, or completion or the purchase and sale of a MINI.

## 22. Set-off rights

22.1 All monetary obligations imposed on the Holder under these Terms are:

- a. absolute; and
- b. free of any right to counterclaim or set-off, and may only be satisfied once the payment has cleared.

22.2 The Issuer may:

- a. set-off any amount payable to it by the Holder against any amount payable by the Issuer to the Holder; and
- b. withhold any amount payable by it to the Holder in satisfaction of any amount payable to it by the Holder.

## 23. Transfer Tax

23.1 The Issuer must, on request from a Holder on a Business Day, specify to the Holder the amount of the Transfer Tax, the relevant number of MINIs exercised on that Business Day and give the Holder a unique identifying number for the quotation in relation to that specification.

23.2 If an Exercise Notice in respect of the number of MINIs for which the amount of Transfer Tax was sought by the Holder:

- a. is received by the Issuer within two Business Days after the date on which the Transfer Tax unique identifying number is given to the Holder; and
- b. specifies the Transfer Tax unique identifying number given to the Holder for the MINIs,

then the amount of the Transfer Tax for the purposes of the exercise of those MINIs is the amount so specified by the Issuer to the Holder at the time the Holder is given the Transfer Tax unique identifying number.

## 24. Personal Property Securities Act

24.1 The Holder agrees to do anything that RBS may reasonably require to:

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

24.2 Without limiting clause 24.1, the Holder agrees that RBS may make such amendments to these Terms, and may do such other things, as RBS may require from time to time (whether before or after the registration commencement time) to:

- a. ensure that each security interest given by the Holder in favour of RBS is a first-ranking perfected security interest over all PPS property;
- b. ensure that each security interest is:
  - i. continuously perfected; and/or
  - ii. perfected by control; and/or
  - iii. perfected in a way that will reduce as far as reasonably possible the risk of a third party acquiring an interest in any PPS property free of the security interest,

to the extent possible under the PPS Act,

- c. enable RBS to apply for any registration, or give any demand or notification, under the PPS Act in connection with the security interest; and
- d. otherwise protect RBS's position as secured party in respect of each security interest created under these Terms in the context of the PPS Act,

from the point in time immediately before the registration commencement time or any later time as RBS may decide.

24.3 RBS may at its own cost do anything which the Holder should have reasonably done under these Terms if the Holder does not do so promptly or, if in RBS' reasonable opinion, the Holder does not do so properly including:

- a. apply for any registration or give any demand or notification, in connection with any security interest created under these Terms;
- b. complete and lodge any financing statement, financing change statement or amendment demand, in each case as may be reasonably necessary to perfect, maintain or achieve RBS's first priority security interest in the PPS property.

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

24.5 In this clause 24 only, un-capitalised terms (including any reference to "security interest") which are defined in the PPS Act have the meanings given to them in the PPS Act.

## 25. General provisions

### No merger

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

### Appointment of agent

25.2 The Holder irrevocably appoints the Issuer and its nominees and any of their directors, secretaries and managers from time to time jointly and severally as agent of the Holder to do (either in the name of the Holder or the agent) all acts and things that the Holder is obliged to do under these Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the MINI, the Underlying (or any component of an Underlying) or the protection of the Issuer's interests or the exercise of the rights, powers and remedies of the Issuer, including, without limitation, the authority to sell the MINI on behalf of that Holder or to terminate the MINI early.

### Waiver and exercise of rights

25.3 A single or partial exercise of a right by the Issuer does not preclude another exercise or attempted exercise of that right or the exercise of another right. Failure by the Issuer to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

### Time is of the essence

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

### Acknowledgment

25.5 Each Holder acknowledges that in no event will the Issuer have any liability for indirect, incidental or consequential damages for the Issuer's failure to perform its obligations under these Terms.

25.6 In no circumstances will the Issuer be under an obligation to refund the Capital Outlay to the original Holder or to pay the Capital Outlay to any Holder. The Capital Outlay vests absolutely, unconditionally and irrevocably in the Issuer upon receipt by the Issuer or its agents.

### Calculations and MINIs

25.7 In these Terms:

- a. all calculations will be done to not fewer than four decimal places;

- b. subject to clause 25.7(c), no rounding of numbers will occur until a Holder exercises a MINI and at that time the entitlement attaching to all MINIs of that Holder the subject of exercise will be aggregated and that aggregate will be rounded, so that all monies are rounded to the nearest whole cent and all numbers of MINIs are rounded to the nearest whole number, so that any fraction being a value of 0.5 or more is rounded up and all other fractions are rounded down;
- c. if the Cash Amount is determined at any fraction of a cent, it will always be rounded in the Issuer's favour to a whole cent amount, unless the price steps in which the MINIs can be traded (at the time the Cash Amount is determined) is half a cent, in which case the Cash Amount will always be rounded in the Issuer's favour to the nearest half or whole cent amount; and
- d. where, following an application of this clause 25, the Underlying refers to property of different kinds, each of those kinds of property is to be treated separately, and each adjustment required by these Terms is to be made to each kind of property separately.

### **Waiver**

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

### **Telephone recording**

25.9 The Holder agrees:

- a. to the tape recording by the Issuer (or its agent) of any telephone conversations concerning the MINIs;
- b. to the retention of any tape recording so made; and
- c. to the use of any tape recording so made as evidence of the content of the conversation.

### **Discretions**

25.10 The Holder may not give any direction to the Issuer concerning the MINIs, even if the MINI is exercised, concerning the exercise by the Issuer of any other discretion relating to the MINIs, or any discretion conferred on the Issuer by these Terms.

### **Governing law and jurisdiction**

25.11 The MINIs are governed by and construed in accordance with the laws in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales and any court hearing appeals from those courts.

### **Market making**

25.12 The Issuer undertakes to make markets in the MINIs at their market prices with a buy/sell spread in accordance with ASX Guidance Note 17.

25.13 The parties agree to enter into these Terms as a Deed.

## 10. Definitions

Unless the context requires otherwise, capitalised terms in the PDS and the Terms have the following meanings:

**Accretions means** all rights accretions and entitlements attaching to the Underlying (or component that comprises the Underlying) after the Issue Date including without limitation, all voting rights, all Dividends and all rights to receive Dividends and other distributions or Securities, notes, units, options or other financial products exercisable, declared, paid or issued in respect of the Underlying;

**Adjustment** means an adjustment, amendment or variation of the Terms as a result of an Adjustment Event in accordance with clause 14 of the Terms;

**Adjustment Event** means, in respect of an Underlying or the components that comprise an Underlying(s) for a particular Series (where each of these or any element of them is a **"Relevant Asset"**) any of the following events:

- a. where the Relevant Asset is a security or an interest in a managed investment scheme:
  - i. the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, reclassification, Takeover Bid, tender offer, special dividend, non-cash dividend, share split or any other similar or like event;
  - ii. any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer or Sponsor of the Relevant Asset or other similar or like event (however described);
  - iii. any event which is or which results in the actual or proposed de-listing of the Relevant Asset or the actual or proposed removal from quotation of the Relevant Asset or the actual or proposed Suspension from trading of the Relevant Asset other than a trading Suspension on the ASX or other exchange on which an issuer or Sponsor of a Relevant Asset is listed which lasts for less than two (2) Business Days; or
  - iv. any Takeover Bid is made or announced for all or any of the Relevant Assets;
  - v. Nationalisation of the Underlying (or one or more of the components that comprise the Underlying);

- b. where the Relevant Asset is an index:
  - i. the Relevant Asset is Suspended or ceases to be published for a period of 24 hours or more (or is permanently cancelled);
  - ii. the Relevant Asset is not calculated and the level of the Relevant Asset is not announced by the Sponsor of the index, but is calculated and announced by a successor sponsor or provider;
  - iii. the Relevant Asset is replaced by a successor index using the same or substantially similar formula and method of calculation;
  - iv. there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange or Related Exchange for a period of 24 hours or more;
  - v. the Sponsor of the index or any successor makes a material change in the formula for or the method of calculating the Relevant Asset or in any way materially modifies that Relevant Asset; or
  - vi. there is a Suspension or material limitation on trading of securities or Component Contracts that comprise an index generally on a Relevant Exchange or Related Exchange for a period of 24 hours or more;

For the purpose of determining whether such Suspension or limitation is material, if trading in a Security included in the index is Suspended or materially limited at that time, then the relevant percentage contribution of that Security to the level of the index shall be based on a comparison of (x) the portion of the level of the index attributable to that Security relative to (y) the overall level of the index, in each case immediately before that Suspension or limitation;

- c. where the Relevant Asset is a futures contract or commodity:
  - i. Price Source Disruption. The failure by the Relevant Exchange, Related Exchange or Price Source to announce or publish the price for the Relevant Asset (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Relevant Exchange, Related Exchange or Price Source; or
  - ii. Trading Suspension. The material suspension of trading on the Relevant Exchange or any Related Exchange; or
  - iii. Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Relevant Asset on the Relevant Exchange; or

- iv. Material Change in the nature of or pricing method. The occurrence of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Relevant Asset; or
- v. Material Change in Content. The occurrence of a material change in the content, composition of the Relevant Asset; or
- vi. De Minimis Trading. The number of contracts traded on the Relevant Exchange with respect to the Relevant Asset is such that the Issuer declares that its ability to enter into Hedge Positions with respect to the Relevant Asset has been impaired due to a lack of, or a material reduction in, trading in the Relevant Asset or any contract or Component Contract on the Relevant Exchange; or
- vii. Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Relevant Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority if the direct effect of such imposition, change or removal is to raise or lower the price of the Relevant Asset on the relevant valuation date as the case may be and/or on each of the three Trading Days following the relevant valuation date as the case may be from what it would have been without that imposition, change or removal; or
- viii. Trading Limitation. The material limitation imposed on trading in the Relevant Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or
- d. Where the Relevant Asset is an exchange rate or an interest rate:
  - i. Price Source Disruption. If it becomes impossible to obtain the rate on a relevant date, as the case may be, in the inter-bank market; or
  - ii. Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any governmental authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such governmental authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- iii. Inconvertibility/non-transferability (where the Relevant Asset is an exchange rate only). The occurrence of any event which (i) generally makes it impossible to convert the currencies in the exchange rate through customary legal channels for conducting such conversion in the principal financial centre of the settlement currency or (ii) generally makes it impossible to deliver the settlement currency from accounts in the country of the principal financial centre of the settlement currency to accounts outside such jurisdiction or the settlement currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- iv. Nationalisation. Any expropriation, confiscation, requisition, Nationalisation or other action by any governmental authority which deprives the Issuer (or any of its Affiliates), of all or substantially all of its assets in the country of the principal financial centre of the settlement currency; or
- v. Illiquidity. Any impossibility in obtaining a firm quote for the rate or the settlement currency for an amount which the Issuer considers necessary to discharge its obligations under the MINIs; or
- e. any other event similar to any of (a) to (d) above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the MINIs;
- f. a security granted by the Relevant Asset, its manager or certain services providers becomes enforceable or any of their trading or dealing arrangements have become terminable because of default by them;
- g. information about the Relevant Asset is not published or provided as required;
- h. trading in the Relevant Asset is Suspended or restricted;
- i. the Relevant Asset, its manager, its issuer, its Sponsor or certain service providers become insolvent by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Relevant Asset;
- j. there is an event in respect of the Relevant Asset, its sponsor or its manager by which:
  - i. the entity will be merged with another entity (unless it will continue as an entity without reclassification or change of its shares or units); or
  - ii. there is a change in control of the entity;
- k. a securities lending agreement (if any) is terminated, adjusted or changed;
- l. a Change of Law occurs;
- m. a Hedging Disruption or Increased Cost of Hedging or the Issuer's Hedging Positions are Suspended, terminated, adjusted, changed or delayed for any reason as determined by the calculation agent for those Hedging

Positions or any Relevant Asset relevant to the Hedging Positions is Suspended, terminated, adjusted, changed or delayed in any way or any calculation under the Hedging Positions is Suspended, terminated, adjusted, changed, delayed, brought forward or calculated on a different day;

- n. where any Force Majeure Event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;
- o. any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a) to (o) above occurring;
- p. any event which results in the Issuer being unable to redeem, sell, dispose of or liquidate (for a MINI Long) or acquire, purchase or transfer (for a MINI Short) the Underlyings (or any components that comprise the Underlyings);
- q. any Extraordinary Event;
- r. a Market Disruption Event; or
- s. any other event which the Issuer reasonably declares to be an Adjustment Event;

**Affiliate** means, in relation to a person, any entity controlled, directly or indirectly, by the person; any entity that controls, directly or indirectly, the person; or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person;

**ASIC** means the Australian Securities and Investment Commission;

**ASIC Act** means the Australian Securities and Investments Commission Act 2001 (Cth), as amended from time to time;

**ASX** means the Australian Securities Exchange, or ASX Limited ACN 008 624 691, or the market operated by ASX, as the context requires;

**ASX Clear** means ASX Clear Pty Limited as approved as an Australian CS facility licensee under the Corporations Act or any clearing house or other entity which is substituted for it;

**ASX Clear Operating Rules** means the clearing rules of ASX Clear, as amended or substituted from time to time;

**ASX Clearing and Settlement Rules** means the ASX Settlement Operating Rules and the ASX Clear Operating Rules;

**ASX Operating Rules** means the market rules of the ASX as amended from time to time;

**ASX Settlement** means ASX Settlement Pty Limited as approved as an Australian CS facility licensee under the Corporations Act or any settlement facility or other entity which is substituted for it;

**ASX Settlement Operating Rules** means the business rules as amended from time to time of ASX Settlement or any settlement facility or other entity which is substituted for it;

**Australian Dollars or AUD** means the lawful currency of Australia;

**Basket** means an Underlying constituted by a number of different components (including basket of securities, basket of indices and basket of commodities);

**Bond Futures** means a Futures Contract over a bond specified in PDS Part 1 for a particular Series;

**Business Day** has the meaning given to this term by the ASX Operating Rules;

**Calculation Agent** means the Issuer or such other calculation agent as appointed by the Issuer in its absolute discretion;

**Capital Outlay** means for each MINI the amount paid by the Holder or by the transferee (as the case may be) to purchase the MINI, as outlined in Section 2.5 "How do MINIs work?" in PDS Part 2;

**Cash Amount per MINI** or **Cash Amount** means an amount determined by the Calculation Agent in accordance with the following formula:

- a. Upon an Issuer Call, exercise or Extraordinary Event other than in connection with a Stop Loss Event:
  - i. for a MINI Long with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):  

$$[(\text{Final Reference Price} - \text{Strike Price}) \times \text{Multiplier}] / \text{Exchange Rate less Expenses}; \text{ or}$$
  - ii. for a MINI Long with an FX Hedge feature or no relevant Exchange Rate:  

$$(\text{Final Reference Price} - \text{Strike Price}) \times \text{Multiplier less Expenses}; \text{ or}$$
  - iii. for a MINI Short with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):  

$$[(\text{Strike Price} - \text{Final Reference Price}) \times \text{Multiplier}] / \text{Exchange Rate less Expenses}; \text{ or}$$
  - iv. for a MINI Short with an FX Hedge feature or no relevant Exchange Rate:  

$$(\text{Strike Price} - \text{Final Reference Price}) \times \text{Multiplier less Expenses};$$

Expenses will be zero in paragraphs (i) to (iv) above upon the occurrence of an Issuer Call or Extraordinary Event;

- b. Following a Stop Loss Event:
  - i. for a MINI Long with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):  

$$[(\text{Stop Loss Termination Reference Price} - \text{Strike Price}) \times \text{Multiplier}] / \text{Exchange Rate (the "Remaining Value")}; \text{ or}$$
  - ii. for a MINI Long with an FX Hedge feature or no relevant Exchange Rate:  

$$(\text{Stop Loss Termination Reference Price} - \text{Strike Price}) \times \text{Multiplier (the "Remaining Value")}; \text{ or}$$
  - iii. for a MINI Short with a relevant Exchange Rate (where the Underlying (or a component that comprises the Underlying) is not denominated in AUD):  

$$[(\text{Strike Price} - \text{Stop Loss Termination Reference Price}) \times \text{Multiplier}] / \text{Exchange Rate (the "Remaining Value")}; \text{ or}$$



- iv. for a MINI Short with an FX Hedge feature or no relevant Exchange Rate:

(Strike Price - Stop Loss Termination Reference Price) x Multiplier (the "Remaining Value"),

provided that the Cash Amount shall not be less than zero. If no Exchange Rate is specified, the Settlement Currency will be Australian Dollars. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Calculation Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount;

**Cash Settlement** means settlement of a MINI in cash, in accordance with clause 5 of the Terms;

**CGT** means Capital Gains Tax;

**Change** means an amendment made in accordance with clause 18.3 of the Terms;

**Change of Law** means that due to the adoption of, or any change in any applicable law or regulation in any jurisdiction (including, but not limited to, taxation legislation and the Corporations Act) or due to the promulgation of or any change in the interpretation (by any court, tribunal or regulatory authority with competent jurisdiction) of any applicable law or regulation in any jurisdiction (including any action taken by a taxing authority) the Issuer determines in good faith that it has become illegal for any party to hold, acquire or dispose of the Underlying (or any components that comprise the Underlying) or the Issuer or any other party will incur a materially increased cost in performing its obligations under the Terms (including due to any increase in tax liability decrease in tax benefit or other adverse effect on its tax position);

**CHES** means Clearing House Electronic Subregister System, a computer system which electronically transfers title between the buyers and sellers of Securities on the ASX. It is a paperless system where Security ownership is recorded on an account in CHES, rather than through the use of physical share certificates. CHES also enables the electronic settlement of transactions between CHES participants (i.e. stockbrokers and institutional investors). CHES is operated by ASX Settlement. All CHES participants must abide by published rules known as the ASX Settlement Operating Rules;

**CHES Depository Interest** means "CDI" as defined in the ASX Settlement Operating Rules;

**Commissioner** means the Commissioner of Taxation;

**Commodity** means the commodity specified as such in PDS Part 1;

**Commodity Futures** means a Futures Contract over a commodity specified in PDS Part 1 for a particular Series;

**Completion** means the occurrence of an Event of Completion or otherwise the expiry of a MINI (i.e. the date on which the contract to cash-settle a MINI Long or a MINI Short matures);

**Completion Date** means the date upon which an Event of Completion occurs;

**Component Contract** means in respect of a Commodity Index, each physical commodity comprised in the Commodity Index, each exchange traded future or exchange traded option contract for that physical commodity, as reasonably determined by the Issuer;

**Corporations Act** means the Corporations Act 2001 (Cth), as amended from time to time;

**Dividends** means dividends or distributions (as the context requires) of the Underlying (or one or more of the components that comprise the Underlying for a particular Series) or anything which is treated as a dividend for the purposes of the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), as amended from time to time, and includes without limitation, any special or extraordinary dividends;

**Event of Completion** means the occurrence of any one of the following:

- a. a Stop Loss Event;
- b. an Issuer Call;
- c. exercise; or
- d. an Extraordinary Event.

**Exchange Rate** means:

- a. if the Underlying (or one or more of the components that comprise an Underlying for a particular Series) is denominated in a currency other than Australian Dollars, wherever it is used in these Terms or where reference is made to converting to Australian Dollars, the relevant exchange rate per one Australian dollar as determined by the Issuer, acting in good faith, on each relevant date on which an exchange rate calculation is made by the Issuer; or
- b. if the Underlying is an exchange rate, the amount of foreign currency required to purchase one base currency as determined by the Issuer, acting in good faith, by reference to the Price Source during ASX market hours;

**ex-Dividend date** means the first date following the declaration of a Dividend on which the buyer of a Security is not entitled to receive the next Dividend payment;

**Exercise Date** means the date when a valid Exercise Notice is received by the Issuer;

**Exercise Notice** means a notice provided by the Holder to the Issuer which complies with the requirements in clause 8.4 of the Terms;

**Exercise Reference Number** means the number allocated by the Issuer to the Holder pursuant to a Holder's request to exercise in accordance with clause 8.4(b) of the Terms;

**Exercise Strike Price** means the Strike Price at which the MINIs will be exercised, which Strike Price will be provided by the Issuer to the Holder pursuant to a Holder's request to exercise in accordance with clause 8.4(b) of the Terms;

**Exercise Time** means the time specified in PDS Part 1. If no time is specified in PDS Part 1, then the Exercise Time is 3:00 pm in Sydney, Australia;

**Expenses** means any reasonable incidental costs, including unwinding of Hedging Positions, Transfer Taxes and/or Expenses and brokerage fees (if applicable) incurred by the Issuer in relation to an Expiry Date upon exercise of a MINI. These costs could reduce the total Cash Amount by up to 20% upon exercise of a MINI;

**Expiry Date** means in respect of each MINI, the earlier of: the Issuer Call Date, the Exercise Date, the Stop Loss Termination Date or the date on which a MINI otherwise terminates in accordance with these Terms;

**Extraordinary Event** means an event nominated by the Issuer in accordance with clause 13 of the Terms;

**FATA** means Foreign Acquisitions and Takeovers Act 1975 (Cth), as amended from time to time;

**Final Reference Price** means:

- a. where the Underlying is not an Index, Exchange Rate, Basket or an Interest Rate, the official closing price of the relevant Underlying (which shall be deemed to be a monetary value in the Strike Price Currency) at the close of trading on the Relevant Exchange on the Expiry Date as determined by the Calculation Agent at its reasonable discretion. The Calculation Agent will have no regard to any subsequently published correction. If a Market Disruption Event occurs on the Expiry Date, the Final Reference Price will be the official closing price published on the next Business Day on which the Market Disruption Event has ceased or (if, in the determination of the Calculation Agent, no such level can be determined or a Market Disruption Event has occurred and is continuing for five consecutive Business Days) an amount determined by the Calculation Agent in good faith as the closing price of the Underlying on such date having regard to the then prevailing market conditions, the last reported trading price of the Underlying and such other factors as the Calculation Agent determines relevant including, without limitation, the price used in relation to its Hedging Position;
- b. where the Underlying is an Index, Exchange Rate or an Interest Rate the:
  - i. level of the Index or Interest Rate as determined by the Calculation Agent at its reasonable discretion by reference to the Price Source; or
  - ii. Level of the Exchange Rate,
 

at the close of trading on the Expiry Date, or if a Market Disruption Event occurs on the Expiry Date, on the next Business Day on which the Market Disruption Event has ceased; or if the Market Disruption Event has occurred and is continuing for five consecutive Business Days, the level determined by the Calculation Agent at its reasonable discretion on the fifth Business Day having regard to the prevailing market conditions, the last reported level (as determined in accordance with (i) and (ii), above) and any other factors the Calculation Agent deems relevant including, without limitation, the price used in relation to its Hedge Positions; or
- c. where the Underlying is a Basket, the sum of the official closing prices or levels of the components that comprise the Underlying at the close of trading on the Relevant Exchanges for each component that comprises the Underlying on the Expiry Date as determined by the Calculation Agent at its reasonable discretion, multiplied by their respective weightings in the Basket. In relation to a particular Relevant Exchange, the Calculation Agent will have no regard to any subsequently published correction. If a Market Disruption Event occurs on the Expiry Date, for each component not affected by the occurrence of the Market Distribution Event the official closing price or level of the component of the Underlying at close of trading on the Relevant Exchange on the Expiry Date and for each component affected ("Affected Asset") by the Market Distribution Event, the official closing price or level published or reported on the next Business Day on which the Market Disruption Event has ceased or (if, in the

determination of the Calculation Agent, no such price or level can be determined or a Market Disruption Event has occurred and is continuing for five consecutive Business Days) a price or level determined by the Calculation Agent in good faith as the closing price or level of the Affected Asset that comprises the Underlying on such date having regard to the then prevailing market conditions, the last reported trading price or level of the component and such other factors as the Calculation Agent determines relevant including, without limitation, the price or level used in relation to its Hedging Position;

**Financing Level** means the Strike Price, or in other words, the leverage incorporated into the MINI;

**Force Majeure Event** means an event or circumstance beyond the reasonable control of a party that prevents one or more parties from performing their obligations under this PDS and the Terms;

**FOS** means Financial Ombudsman Service Limited;

**Funding Cost** means the cost paid by, or benefit received by, an investor to hold a MINI for more than one day. In other words, Funding Costs are the cost paid for, or benefit received from, the leverage incorporated into the MINI. Subject to an Adjustment, the Funding Cost is calculated as an amount per day, as determined by the Calculation Agent, equal to:

**IR x CSP x 1/365**

where:

*IR equals the Interest Rate; and*

*CSP equals the Strike Price;*

The Funding Cost can be a negative number. Whether the Funding Cost is positive or negative is at the discretion of the Calculation Agent;

**Futures Contract** means the Futures Contract specified in PDS Part 1 for a particular Series, subject to any applicable Adjustments as set out in the Terms, and as adjusted from time to time on each Rollover Date and notified by the Issuer in the daily pricing matrix made available on [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants) and through the ASX Company Announcement Platform. If there are no Holders and no unsettled trades, then the Issuer may Rollover or adjust the Futures Contract and will notify through its daily pricing matrix and the ASX Company Announcement Platform;

**Futures Contract Price** means the official closing level of the Futures Contract on the Relevant Exchange at any relevant valuation time specified in the PDS;

**Futures Contract Sponsor** means the corporation or entity that sponsors and provides a trading market for the relevant Futures Contract. Reference to Futures Contract Sponsor shall include any successor Future Sponsor;

**FX Hedge** means the feature in respect of a MINI where, notwithstanding the Underlying is denominated in a currency other than Australian Dollars, the MINI is offered in Australian Dollars (i.e. a Strike Price Currency of Australian Dollars) with the foreign exchange rate being fixed at the Fixed Exchange Rate;

**Fixed Exchange Rate** means, the relevant exchange rate per one Australian dollar, that is specified in PDS Part 1, fixed on the Issue Date and used on each relevant date when a value of a MINI with a FX Hedge feature is calculated by the Issuer or Calculation Agent;

**FX Hedged MINI** means a MINI to which the FX Hedge feature applies as specified in PDS Part 1 for the relevant Series;

**GST** means Goods and Services Tax as defined in the “A New Tax System” (Goods and Services Tax) Act 1999;

**Hedging Disruption** means a situation where on any relevant date, the Issuer is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the MINIs, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**Hedge Position** or **Hedging Position** means any purchase, sale, entry into or maintenance of one or more Securities positions, Futures Contracts positions, derivatives positions or other instruments or arrangements (howsoever described) by the Issuer or any Affiliate of the Issuer in order to hedge any of the Issuer’s obligations under the Terms;

**HIN** means Holder Identification Number, as defined in the ASX Settlement Operating Rules;

**Holder** means in relation to a MINI, the person whose name is for the time being entered in the Register as the Holder of the MINI. An Affiliate of the Issuer or the Issuer itself may be a Holder from time to time;

**Increased Costs of Hedging** means a situation where on any relevant date, the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date of the MINIs) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the MINIs, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed to be an Increased Cost of Hedging;

**Index or Indices** means the index or indices as detailed in PDS Part 1;

**Index Future** means a Futures Contract over an index specified in PDS Part 1 for a particular Series;

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Underlyings are required to be transferred to a receiver, Trustee, liquidator or other similar official or (ii) Holders of the Underlyings of that Share Company become legally prohibited from transferring them;

**Interest Rate** means

- a. if the Underlying is **not** an interest rate, the Interest Rate per annum specified initially in PDS Part 1, or as otherwise determined by the Issuer at its absolute discretion, acting in good faith and notified to Holders on the Issuer’s website [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants); or
- b. if the Underlying is an interest rate, the interest rate determined by the Issuer, acting in good faith, by reference to the Price Source during ASX market hours;

**Intrinsic Value** is the difference between the Underlying Price of the Underlying and the Strike Price of the MINI, but will not be less than zero;

**Issuer** means the Issuer specified in PDS Part 1;

**Issuer Call** means a notice of termination of the MINIs by the Issuer in accordance with clause 10 of the Terms;

**Issuer Call Commencement Date** means the first Business Day immediately following the end of the three month period from and including the Issue Date;

**Issuer Call Date** means the day specified as such in the notice delivered in accordance with clause 10 of the Terms, and if such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day. If a Market Disruption Event has occurred, then the Issuer Call Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Issuer Call Date. In that case (a) the fifth Trading Day shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the **Final Reference Price** having regard to the then prevailing market conditions, the last reported trading price or level of the Underlying and such other factors as the Calculation Agent determines to be relevant, including, without limitation, the price or level of the Hedge Positions;

**Issue Date** means the date specified as such in PDS Part 1 for the relevant Series;

**Issue Size** means the number of MINIs issued per Series as set out PDS Part 1. There is no minimum Issue Size. With the ASX’s consent, the Issue Size may, from time to time, be increased;

**Level of Exchange Rate** means the exchange rates as published by the Reserve Bank of Australia on its website daily. The US dollar rate is the WM/Reuters Australian Dollar Fix at 4:00 pm (Australian Eastern Standard Time), sourced from page AUDFIX on Thomson Reuters and rounded to four decimals and if such a page is not available, a successor page selected by the Calculation Agent. The exchange rates for different currency pairs will be calculated based upon the most recently published exchange rates for other currencies on the Reserve Bank of Australia website;

**Market Disruption Event** means:

- a. the occurrence or existence on any Trading Day during the one-hour period that ends at the official close of trading of the Relevant Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions in (by reason of movements in price reaching or exceeding limits permitted by the Relevant Exchange, Related Exchange or otherwise): (A) the Underlyings (or components that comprise an Underlying) on the Relevant Exchange or Related Exchange or any other exchange on which the Underlyings (or components that comprise an Underlying) are listed; or (B) any Securities, options contracts or Futures Contracts or other derivatives contracts relating to the Underlying (or components that comprise an Underlying) on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- b. a general moratorium is declared in respect of banking activities in the country in which the Relevant Exchange or any Related Exchange is located.

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

**MINI** means a MINI Long or a MINI Short;

**MINI Funding Cost Factors** means, in respect of a MINI, the rates applicable to stock borrowing (where the Underlying is a Security only), the Issuer's margins and/or the cost or benefit to the Issuer of taking a Hedging Position;

**MINI Long** means a MINI specified as such in PDS Part 1 and described in PDS Part 2;

**MINI Short** means a MINI specified as such in PDS Part 1 and described in PDS Part 2 of the PDS;

**Multiplier** means 1 or such other number specified in PDS Part 1 or as amended by the Issuer from time to time, including if there are no Holders and no unsettled trades in MINIs (other than trades belonging to the Issuer or an Affiliate) and notified to Holders in accordance with the Corporations Act;

**National Guarantee Fund** means the fund that provides compensation to investors in certain circumstances, as set out in Division 4 of Part 7.5 of the Corporations Act;

**Nationalisation** means that all the stock or Securities of a Share Company or all the assets or substantially all the assets of a Share Company, any assets relevant to any Underlying (or components that comprise any Underlying) are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

**Notional Dividend Amount** means, if specified as applicable for the relevant Series in PDS Part 1

- a. where the Underlying is not a Basket, an amount, as determined by the Calculation Agent, equal to the sum of the cash Dividends and/or other cash distributions in respect of the Underlying (if any) which has an ex-Dividend date occurring during the Notional Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing Dividend percentage payable under market standard stock borrow agreements, as determined by the Calculation Agent acting in good faith; or
- b. where the Underlying is a Basket, an amount, as determined by the Calculation Agent, equal to the sum of the cash Dividends (and/or other cash distributions) in respect of the components that make up the Underlying (if any) multiplied by the respective weighting of each component in the Basket, which have an ex-Dividend date occurring during the Notional Dividend Period without regard to any withholding tax or other deductions multiplied by the prevailing Dividend percentage payable under market standard stock borrow agreements, as determined by the Calculation Agent acting in good faith;

**Notional Dividend Period** means the period from (but excluding) the Issue Date to (and including) the earlier of the next following Trading Day, Issuer Call Date, Exercise Date or the Stop Loss

Termination Date and thereafter from (but excluding) such day to (and including) the earlier of the next following Trading Day, Issuer Call Date, Exercise Date or the Stop Loss Termination Date;

**Office** means the office specified in the Directory of this PDS;

**PDS Part 1** means Part 1 of the PDS;

**PDS Part 2** means Part 2 of the PDS;

**PPS Act** means the Personal Property Securities Act 2009 (Cth), as amended from time to time;

**PPS Property** means all property over which the Holder is capable under the PPS Act of granting a security interest (as defined under the PPS Act) and that is property subject to the Terms of the MINIs;

**Price Source** means as identified in PDS Part 1 or such other successor or replacement source as determined by the Issuer in its reasonable discretion. If such a source is unavailable, any alternative price source selected by the Issuer or Calculation Agent in its reasonable discretion;

**Product Disclosure Statement** or **PDS** means the Product Disclosure Statement including Parts 1 and 2, and any supplement for the MINIs;

**RBA Cash Rate Target** means the Reserve Bank of Australia overnight cash lending rate as advised from time to time;

**RBS** means The Royal Bank of Scotland plc (ABN 30 101 464 528, AFSL 241114);

**RBS Group** means The Royal Bank of Scotland plc (ABN 30 101 464 528, AFSL 241114) together with its Affiliates and its subsidiaries;

**Register** means the Registers and/or sub-Registers of Holders kept and maintained under clause 20 of the Terms;

**Registrar** means the Registrar specified in PDS Part 1;

**Relevant Exchange** means the exchange or quotation system specified as such in PDS Part 1 applicable to the Underlying (or the components that comprise the Underlying) of the relevant Series of MINIs or any successor to such exchange or quotation system, or if no such exchange is specified in PDS Part 1:

- a. where the Underlying is traded on an exchange, the primary exchange upon which that Underlying is traded; and
- b. where the Underlying is an index, the primary exchange upon which the financial products which primarily constitute that index are traded; and
- c. where the Underlying is a commodity, any exchange where contracts or futures relating to the commodity are traded;

**Related Exchange** means an options or futures exchange or quotation system on which options or Futures Contracts or other derivative contracts on the Underlying are traded;

**Remaining Value** means the Cash Amount per MINI payable to Holders following a Stop Loss Event. The Remaining Value may in some circumstances be zero;

**Rollover** means the replacement of the current Futures Contract with the next liquid Futures Contract within the same series of Futures Contracts;

**Rollover Date** means:

- a. where the Underlying is a Futures Contract – a date determined by the Issuer, acting in good faith, which occurs on a Trading Day during the period commencing on the date which is 10 Trading Days prior to the earlier of either:
  - i. the first notice date of the current Futures Contract; or
  - ii. the last trade date of the current Futures Contract;
 and ending on the earlier of the dates specified in (i) or (ii) above (inclusive); or
- b. in any other case – as determined by the Issuer, acting in good faith;

**Security** means

- a. a share, interest in a managed investment scheme, debenture, CHESS Depository Interest or other financial product as defined in the Corporations Act;
- b. a right or interest in any of the above; or
- c. a combination of any of the above stapled together, such that they cannot be dealt with separately;

**Series** means each series of the MINIs as set out in PDS Part 1;

**Settlement Currency** means the currency specified as such in respect of a particular Series in PDS Part 1 and where no currency is specified, Australian Dollars;

**Settlement Date** means the fifth Business Day after the Completion Date, or such other date as reasonably determined by the Issuer and notified to the Holder;

**Share Company** means the issuer of Securities;

**Sponsor** means the corporation or other entity that:

- a. is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Underlying; and
- b. announces (directly or through an Agent) the level of the relevant Underlying on a regular basis during each Trading Day,

and references to Sponsor shall include any successor Sponsor;

**Stop Loss Event** or **Stop Loss** means that, subject to any adjustment in accordance with clauses 13 or 14 of the Terms at any time on any Trading Day from and including the Issue Date, the Underlying Price of the Underlying is:

- a. for a MINI Long, less than or equal to the Stop Loss Level, other than at a time when there is, in the determination of the Calculation Agent, a Market Disruption Event; and
- b. for a MINI Short, greater than or equal to the Stop Loss Level, other than at a time when there is, in the determination of the Calculation Agent, a Market Disruption Event;

**Stop Loss Level** means an amount announced by the Issuer on the Issue Date and on each Stop Loss Reset Date (which shall be deemed to be a monetary value in the Strike Price Currency), subject to any applicable Adjustment Event, determined by the Issuer at its reasonable discretion. The Stop Loss Level shall be rounded at the Issuer's reasonable discretion in accordance with the Stop Loss Rounding;

**Stop Loss Reset Date** means:

- a. the first Trading Day of each calendar month, provided that if such day is not a Business Day the following Business Day; or
- b. each Business Day, at the determination of the Calculation Agent upon which the Stop Loss Level is reset by the Calculation Agent acting in good faith (including, without limitation, if a Dividend is paid that has not been taken into account in the Stop Loss Level);

**Stop Loss Rounding** means the Stop Loss Rounding convention specified as such in PDS Part 1 for the relevant Series, and if not specified, to the nearest four decimal places;

**Stop Loss Termination Date** means the first Trading Day on which the Stop Loss Event occurs;

**Stop Loss Termination Reference Price** means, subject to an Adjustment Event, an amount (which shall be deemed to be a monetary value in the Strike Price Currency), as determined by the Calculation Agent, acting in good faith, being the fair value price or level for the Underlying as determined by reference to unwinding of the Issuer's Hedging Position on a "best effort" basis. The Stop Loss Termination Reference Price will be at least the lowest price or level of the Underlying published on the Relevant Exchange or Price Source during the Stop Loss Termination Valuation Period (for MINI Longs), and the Stop Loss Termination Reference Price will be at most the highest price or level of the Underlying published on the Relevant Exchange or Price Source during the Stop Loss Termination Valuation Period (for MINI Shorts);

**Stop Loss Termination Valuation Period** means the period:

- a. where the Stop Loss Event occurs during the relevant market hours of the ASX – 1:00pm (Sydney time) from the occurrence of the Stop Loss Event to the following Trading Day on the ASX;
- b. where the Stop Loss Event occurs outside the relevant market hours of the ASX – 1:00pm (Sydney time) from the occurrence of the Stop Loss Event to the second Trading Day on the ASX following the Stop Loss Event;
- c. during the relevant market hours on the ASX on a Trading Day on which the ASX has an early close (including but not limited to the Trading Day before the start of the Easter or Christmas holiday or on New Year's Eve) then the Stop Loss Termination Valuation Period will be the period from the occurrence of the Stop Loss Event to 1:00p.m. (Sydney time) on the second Trading Day after trading recommences, following the Trading Day on which the ASX had an early close (that is, the Issuer will be entitled to an extra Trading Day for unwinding its Hedging Position); or
- d. outside the relevant market hours on the ASX on a Trading Day on a Related Exchange which is immediately prior to a Trading Day on which the ASX has an early close (including but not limited to the Trading Day before the start of the Easter or Christmas holiday or on New Year's Eve), then the Stop Loss Termination Valuation Period will be the period from the occurrence of the Stop Loss Event to 1:00p.m. (Sydney time) on the third Trading Day after trading recommences, following the Trading Day on which the ASX had an early close (that is, the Issuer will be entitled to two extra Trading Days for unwinding its Hedging Position);

**Strike Price** is the leverage incorporated into the MINI and is expressed as an amount per MINI which is deemed to be a monetary value in the Strike Price Currency (subject to an Adjustment), and may be adjusted:

- a. by adding or deducting the Funding Cost, as relevant;
- b. in accordance with these Terms;
- c. by the Issuer upon Rollover;
- d. if there are no Holders of the relevant MINI (other than the Issuer, another member of RBS Group or any Affiliate of RBS Group) as adjusted by the Issuer on any Business Day and published by the Issuer in its daily pricing matrix made available on its website and through the ASX Company Announcement Platform;

On the Issue Date, the Strike Price will be the amount specified as such in PDS Part 1 for the relevant Series and on each other Business Day, the Strike Price will be the amount as quoted on the ASX from time to time.

The Strike Price will be determined by the Calculation Agent on each Business Day in accordance with the following formula:

- a. for a MINI Long:
  - i. the Strike Price on the previous Business Day; plus or minus (depending on the type of Underlying and the MINI Funding Cost Factors at the relevant time)
  - ii. the Funding Cost; minus
  - iii. the Notional Dividend Amount (if any) unless the Notional Dividend Amount is specified to be not applicable for the relevant Series, in which case the Notional Dividend Amount shall be disregarded in the calculation of the Strike Price;
- b. for a MINI Short:
  - i. the Strike Price on the previous Business Day; minus or plus (depending on the type of Underlying and the MINI Funding Cost Factors at the relevant time)
  - ii. the Funding Cost; minus
  - iii. the Notional Dividend Amount (if any) unless the Notional Dividend Amount is specified to be not applicable for the relevant Series, in which case the Notional Dividend Amount shall be disregarded in the calculation of the Strike Price,

**Strike Price Currency** means the currency specified as such in the PDS for the relevant Series;

**Suspension** or **Suspend** means any temporary cessation of the quotation of the MINIs or an Underlying (or a component that comprises the Underlying) or MINIs, including, without limitation, a trading halt, suspension or removal from trading on the ASX, the Relevant Exchange or Related Exchange (as the context requires);

**Takeover Bid** means a Takeover Bid as defined in the Corporations Act or the equivalent foreign action under the relevant foreign jurisdiction's legislation with respect to an Underlying or component that comprises an Underlying;

**Terms** means the terms of issue of each Series of MINIs as set out in Section 9 "Terms of the MINIs" in PDS Part 2, as amended from time to time;

**Trading Day** means:

- a. with respect to the MINIs, any day on which the ASX (or any other exchange specified in PDS Part 1) is open for trading;
- b. with respect to an Underlying (or a component that comprises an Underlying), any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which each Relevant Exchange and Related Exchange is open for trading;

**Transfer Taxes** means:

- c. in respect of the exercise of MINIs, any stamp duty or equivalent governmental tax, impost or duty, payable on, as a consequence of, or in connection with, the exercise of the MINIs; and
- d. in respect of an Underlying (or a component that comprises an Underlying), if relevant any income tax, capital gains tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, any purchase, sale or transfer of, or the completion of any purchase and sale of an Underlying (or a component that comprises an Underlying) in connection with a MINI;

**Underlying** means any Security, Index, Futures Contract, Basket, Commodity, rate (including an Interest Rate or Exchange Rate) as detailed in PDS Part 1 or as otherwise determined by the Issuer in accordance with clause 14 of the Terms;

**Underlying Price** means, as determined by the Calculation Agent at its reasonable discretion:

- a. where the Underlying is not a Basket, the level or price of the Underlying as quoted on the Relevant Exchange or published or reported by the Price Source at the time determined by the Issuer; or
- b. where the Underlying is a Basket, the sum of the levels or prices of the components of the Underlying (as quoted on the Relevant Exchange or published or reported by the Price Source at the time determined by the Issuer) multiplied by their respective weightings in the Basket;

**United States Dollars** or **USD** means the lawful currency of the United States of America; and

**U.S. Person**, for purposes of the applicable prohibitions against ownership and transfer of the MINIs, means a person that (a) qualifies as (i) a "U.S. Person" as defined under Regulations S promulgated under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and (ii) a "U.S. Person" as defined under the U.S. Internal Revenue Code of 1986, as amended (the "Code") and the U.S. Treasury Regulations promulgated thereunder and (b) does not fall within the definition of a "Non-United States Person" under the U.S. Commodity Exchange Act. Each of such terms is defined below.

A. Regulation S Definition of U.S. Person

1. "U.S. Person" means:
  - i. any natural person resident in the United States;

- ii. any partnership or corporation organized or incorporated under the laws of the United States;
  - iii. any estate of which any executor or administrator is a U.S. person;
  - iv. any trust of which any trustee is a U.S. person;
  - v. any agency or branch of a foreign entity located in the United States;
  - vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
  - vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
  - viii. any partnership or corporation if:
    - A. organized or incorporated under the laws of any foreign jurisdiction; and
    - B. formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States shall not be deemed a "U.S. person."
  3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a U.S. person shall not be deemed a U.S. person if:
    - i. an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and
    - ii. the estate is governed by foreign law.
  4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a U.S. person shall not be deemed a U.S. person if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person.
  5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. person.
  6. Notwithstanding (1) above, any agency or branch of a U.S. person located outside the United States shall not be deemed a "U.S. Person" if:
    - i. the agency or branch operates for valid business reasons; and
    - ii. the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed "U.S. Persons."
- B. Under the Code and the U.S. Treasury Regulations promulgated thereunder, a "U.S. Person" is defined as:
1. An individual who is a U.S. citizen or a U.S. "resident alien." Currently, the term "resident alien" is defined to generally include an individual who (i) holds a Permanent Residence Card (a "green card") issued by the U.S. Immigration and Naturalization Service or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any current calendar year if (i) an individual is present in the U.S. on at least 31 days during such year and (ii) the sum of the number of days on which such individual is present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.
  2. A corporation or partnership created or organized in the United States or under the law of the United States or any state.
  3. A trust where (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust or (ii) a valid election is in effect for the trust to be treated as a U.S. Person.
  4. An estate that is subject to U.S. tax on its worldwide income from all sources.
- C. Under the U.S. Commodity Exchange Act, a "Non-United States Person" is defined as:
1. A natural person who is not a resident of the United States.
  2. A partnership, corporation or other entity, other than an entity organized principally for passive investment, organised under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction.
  3. An estate or trust, the income of which is not subject to United States income tax regardless of source.
  4. An entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States Persons in a pool with respect to which the operator is exempt from certain

requirements of Part 4 of the Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States Persons.

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

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



# MINI Long Exercise Notice

To: The Royal Bank of Scotland plc  
Level 22, RBS Tower  
88 Phillip Street  
Sydney NSW 2000

Attention: Warrants Manager

Ph: 1800 450 005

## Part A: MINI Holder's details – This must be completed by any Holder intending to exercise MINIs.

Holder's name

Registered Address

Phone Number

Mobile Number

Email Address

As Holder of the MINIs described below, I/we hereby exercise the following MINIs in accordance with the Terms.

## Part B: MINI Long

ASX Code	Number of MINIs Exercised	Exercise Strike Price <sup>2</sup>	Total payment for MINI Exercise*

<sup>1</sup> As it appears in the Register.

<sup>2</sup> Please call RBS on 1800 450 005 to obtain this specific Strike Price.

\* If applicable, Total Payment MINI Exercise = number of MINIs Exercised x Strike Price.

## Part C: Payment options – Tick the single method of payment and complete this Section.

☐ **1. Direct Credit** – Tick if paying by **Direct Credit**. Please reference payments with your name or your company name.

Account name RBS Equities (Australia) Limited - Trust A/C\*

Bank name National Australia Bank

BSB 082 057

Account number 46 362 4741

Subscription number

Amount \$

\*Application monies will be re-directed to a trust account in the name of the Issuer.

☐ **2. Cheque** – Tick and complete if paying by cheque.

Please make cheque payable to **'The Royal Bank of Scotland plc'** crossed 'Not Transferable'. Provide the cheque and your details as follows.

Payer details

Bank or BSB Number

Amount \$

**Part D: Shareholding details**

Participant Identification

PID

--	--	--	--	--

Holder Identification Number

HIN

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**OR**

Shareholder Reference Number

if you wish to have your shareholding amalgamated on an SRN.

SRN

**Part E: MINIs Execution** – This must be signed to execute the exercise notice.

Dated this

day of

,20

*If Holder is an individual**If Holder is a company*

Signature/s

Company Name

Director/Secretary

Director

< Please affix Common Seal if required in accordance  
with the company's constitution.

Ph: 1800 450 005

## Email address

**Exercise Strike Price<sup>2</sup>**

<sup>2</sup> Please call RBS on 1800 450 005 to obtain this specific Exercise Reference Number.

[illegible]

**Part E: MINI Short Execution** – This must be signed to execute the Exercise Notice.

Dated this	day of	,20
<i>If Holder is an individual</i>	<i>If Holder is a company</i>	

Signature/s	Company Name
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Director/Secretary

Director

< Please affix Common Seal if required in accordance with the company's constitution.

## Complaints and enquiries

If a Holder has an enquiry or concern about their investment, they should contact the RBS Warrants Department on 1800 450 005 or in writing to:

The Royal Bank of Scotland plc

Warrants Department  
Level 22, RBS Tower  
88 Phillip St  
Sydney NSW 2000

Or

GPO Box 4675  
Sydney NSW 2001

If you have a complaint and it is not addressed to your satisfaction by the Warrants Department, you can then direct your complaint to the Head of Compliance using the addresses above.

RBS Compliance will acknowledge receipt of your complaint in writing. Your complaint will be investigated in accordance with the RBS Group Complaints Policy (which can be read at [www.rbs.com.au](http://www.rbs.com.au)). You will be informed in writing of the result of the Compliance investigation into your complaint.

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

### Financial Ombudsman Service Limited

GPO Box  
Melbourne VIC 3001  
Level 12, 717 Bourke Street  
Docklands VIC 3008

FOS is a free, independent External Dispute Resolution service. In order for a complaint to be considered by FOS, the claim involved must be under AUD500,000 (unless the Issuer and Holder agree otherwise in writing).

## Directory

### Issuer

The Royal Bank of Scotland plc  
Level 22, RBS Tower  
88 Phillip Street  
Sydney NSW 2000

### Registrar

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

### Tax and Legal Advisor to the Issuer

Baker & McKenzie  
Level 27  
AMP Centre  
50 Bridge Street  
Sydney NSW 2000

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**To find out more about MINIs,**  
Log on to [www.rbs.com.au/warrants](http://www.rbs.com.au/warrants) or call **1800 450 005**

