

Currency Option Incoming  
Confirmations

**Markets & International Banking**

Brampton Road  
Newcastle under Lyme  
Staffordshire, ST5 0QX  
Fax:+44(0)20 7085 4876 or 5811  
Tel: +44(0)20 7085 6069 or 3775

E-mail:  
FXO.Confirmations@rbs.com

**Deal Reference Number:**

Dear Sirs,

**Confirmation of a Forward Volatility Agreement**

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between {CounterpartyLegalName} (the "Counterparty") and The Royal Bank of Scotland plc ("RBS") on the Trade Date specified above (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) and the 1998 FX and Currency Option Definitions, (as published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and The Foreign Exchange Committee), are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of {AgreementDate}, as amended and supplemented from time to time (the "Agreement"), between RBS and the Counterparty. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

**1. TRANSACTION DETAILS**

The terms of the particular Transaction to which this Confirmation relates, are as follows:

**(a) General Terms**

Trade Date:	{IF TradeDateOverride != "" "{TradeDateOverride}" "{TradeDate}"} (the time of the transaction will be supplied on request)
Commencement Date:	{ResetDate}
Transaction Type:	Forward Volatility Agreement {IF AND(ForwardVolatilityAgreementType =

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"ATM Forward Straddle",
OR(QuotedCurrency1 = BRL,
QuotedCurrency1 = CNY,
QuotedCurrency1 = INR,
QuotedCurrency1 = ARS,
QuotedCurrency1 = IDR,
QuotedCurrency1 = MYR,
QuotedCurrency1 = RUB,
QuotedCurrency1 = KRW,
QuotedCurrency1 = TWD,
QuotedCurrency1 = PHP)) "- At-the-
Money-Forward (Non-Deliverable)"
"{SKIP}" {IF
AND(ForwardVolatilityAgreementType =
"ATM Forward Straddle",
OR(QuotedCurrency1 != BRL,
QuotedCurrency1 != CNY,
QuotedCurrency1 != INR,
QuotedCurrency1 != ARS,
QuotedCurrency1 != IDR,
QuotedCurrency1 != MYR,
QuotedCurrency1 != RUB,
QuotedCurrency1 != KRW,
QuotedCurrency1 != TWD,
QuotedCurrency1 != PHP)) "- At-the-
Money-Forward (Deliverable)"
"{SKIP}" {IF
AND(ForwardVolatilityAgreementType =
"Delta Neutral Straddle",
OR(QuotedCurrency1 = BRL,
QuotedCurrency1 = CNY,
QuotedCurrency1 = INR,
QuotedCurrency1 = ARS,
QuotedCurrency1 = IDR,
QuotedCurrency1 = MYR,
QuotedCurrency1 = RUB,
QuotedCurrency1 = KRW,
QuotedCurrency1 = TWD,
QuotedCurrency1 = PHP)) "- Delta
Neutral Straddle (Non-Deliverable)"
"{SKIP}" {IF
AND(ForwardVolatilityAgreementType =
"Delta Neutral Straddle",
OR(QuotedCurrency1 != BRL,
QuotedCurrency1 != CNY,
QuotedCurrency1 != INR,
QuotedCurrency1 != ARS,
QuotedCurrency1 != IDR,
QuotedCurrency1 != MYR,
QuotedCurrency1 != RUB,
QuotedCurrency1 != KRW,
QuotedCurrency1 != TWD,
QuotedCurrency1 != PHP)) "- Delta
Neutral Straddle (Deliverable)" "{SKIP}"
{Buyer}

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Buyer:

Seller:	{Seller}
Currency Option Style:	European
Notional Amount:	{PrincipalCurrencyCurrency} {PrincipalCurrencyAmount}
Currency Pair:	{QuotedCurrency1} / {QuotedCurrency2}
Forward Volatility:	{ForwardVolatility} per cent
Strike Price:	{IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "The Currency Pair exchange rate for which the straddle expiring on the Expiration Date and at the Expiration Time has a total delta of zero, as measured on the Commencement Date using the Black-Scholes formula, the Currency Pair spot exchange rate determined from the Commencement Fixing Source, interest rates (determined by the Calculation Agent in a commercially reasonable manner) and the Forward Volatility specified herein." "The Currency Pair exchange rate for which the straddle expiring on the Expiration Date and at the Expiration Time has a total delta of zero, as measured on the Commencement Date using the Black-Scholes formula, the Currency Pair spot exchange rate and interest rates (all determined by the Calculation Agent in a commercially reasonable manner) and the Forward Volatility specified herein."}
Commencement Fixing Source:	{IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "WMR" "{SKIP}"}
Expiration Date:	{ExpiryDate}
Expiration Time:	{ExpiryTime} local time in {ExpiryLocationText}

Automatic Exercise:	Applicable
Settlement:	{IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "Non-Deliverable" "Deliverable"} {IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "{PayoutCurrency}" "{SKIP}"}
Settlement Currency:	{IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "{PayoutCurrency}" "{SKIP}"}
Settlement Fixing Source:	{IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "WMR" "{SKIP}"}
Settlement Fixing Time:	{IF OR (QuotedCurrency1 = BRL, QuotedCurrency1 = CNY, QuotedCurrency1 = INR, QuotedCurrency1 = ARS, QuotedCurrency1 = IDR, QuotedCurrency1 = MYR, QuotedCurrency1 = RUB, QuotedCurrency1 = KRW, QuotedCurrency1 = TWD, QuotedCurrency1 = PHP) "{ExpiryTime}" local time in {ExpiryLocationText}" "{SKIP}"}
Settlement Date:	{IF OR(PrincipalCurrencyCurrency = "RUB", PrincipalCurrencyCurrency = "CAD", PrincipalCurrencyCurrency = "TRY") "The first Business Day following the Expiration Date" "The second Business Day following the Expiration Date"}

Premium:	An amount expressed in {PremiumCurrency} determined on the Commencement Date by the Calculation Agent, in a commercially reasonable manner. The Premium shall be the single net premium due under both the Call Option and the Put Option, on the basis of the Forward Volatility, the Strike Price and the Black Scholes formula.
Premium Payment Date:	{IF OR(PrincipalCurrencyCurrency = "RUB", PrincipalCurrencyCurrency = "CAD", PrincipalCurrencyCurrency = "TRY") "The first Business Day following the Commencement Date" "The second Business Day following the Commencement Date"}
Calculation Agent:	{IF CalculationAgentOverride != "" "{CalculationAgentOverride}" "{CalculationAgent}"}
{IF IsCNHTrade = "True" "Additional Disruption Event Provisions for an Offshore Deliverable CNY Transaction and ISDA Offshore Deliverable CNY Transaction Disruption Fallback Matrix" "{SKIP}"}	{IF IsCNHTrade = "True" "Applicable" "{SKIP}"}

**(b) Settlement Terms**

(i) For the purpose of determining the amounts payable on the Settlement Date the buyer will be deemed to have entered into a Straddle Structure where a Straddle Structure shall mean a Currency Option Transaction having the following characteristics:

- (a) the Buyer Shall be entitled to (i) purchase from the Seller the Call Currency Amount at the Strike Price or (b) sell to the Seller the put Currency Amount at the Strike Price;
- (b) the Strike Price, Notional Amount, Expiration Date, Expiration Time and Settlement Date of which shall be defined in this confirmation, and
- (c) "Call Currency Amount" and "Put Currency Amount" shall each mean one half of the Notional Amount.

**2. ACCOUNT DETAILS**

Account(s) for payments to RBS:	As set out in our Standard Settlement Instructions
Account(s) for payments to the Counterparty:	Any payments due to yourselves in relation to this Transaction will be made in accordance with your Standard Settlement Instructions, where these are held by RBS. If these are not currently held by RBS or are not relevant to this

Transaction, please advise.

### **3. OFFICES**

The Office of The Royal Bank of Scotland  
plc for the Transaction is:

London

The Office of {CounterpartyLegalName} for  
the Transaction is:

{CounterpartyOffice}

### **4. ADDITIONAL REPRESENTATIONS**

Each party represents to the other party on the trade date of this Transaction that (in the absence of a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Transaction):-

**(a) Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying, and has not relied, on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.

**(b) Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.

**(c) Status of Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of this Transaction.

### **FACSIMILE SIGNATURES**

The parties acknowledge that this Confirmation has been executed by RBS by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that each such Confirmation shall be deemed to have been signed by RBS for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings relating to this Confirmation, each party expressly waives any right to raise any defence or waiver of liability based upon the execution of this Confirmation by RBS by means of an electronically-produced signature or signatures.

### **5. OTHER**

This Transaction has been entered into between yourselves and The Royal Bank of Scotland plc, which is authorised and regulated by the Financial Services Authority.

Absent manifest error, this Confirmation is in final form and replaces and supersedes all previous Confirmations and communications in respect of this Transaction. No hard copy will follow.

In the event that you disagree with any part of this Confirmation, please notify us promptly via the contact details on the first page so that the discrepancy may be resolved. Please note that our telephone conversations with you may be recorded.

Telephone number: +44(0)20 7085 6069 or 3775  
Facsimile number: +44(0)20 7085 4876 or 5811  
E-mail: fxo.confirmations@rbs.com

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing an **entire** copy of this Confirmation and returning it to us by facsimile.

Yours sincerely,  
For and on Behalf of  
The Royal Bank of Scotland plc

Confirmed as of the date first written  
{CounterpartyLegalName}  
{CounterpartyOffice}

RBS Deal Reference:

Counterparty Deal Reference (if any): \_\_\_\_\_