



20 May 2015

Head Office
Gogarburn
PO Box 1000
Edinburgh EH12 1HQ

Telephone: 0131 556 8555
Fax: 0131 626 3081
www.rbs.com

CORPORATE AND INSTITUTIONAL BANKING DISCLOSURE NOTICE

The purpose of this notice is to disclose certain practices of The Royal Bank of Scotland plc and its affiliates (together, "RBS" or the "Firm") when it acted as a dealer, on a principal basis, in the spot foreign exchange ("FX") markets. We want to ensure that there are no ambiguities or misunderstandings regarding those practices. To begin, conduct by certain individuals has fallen short of the Firm's expectations. The conduct underlying the criminal antitrust charge by the Department of Justice is unacceptable. Moreover, as described in our November 2014 settlement with the U.K. Financial Conduct Authority relating to our spot FX business, in certain instances during the period 2008 to 2013, certain employees intentionally disclosed information relating to the identity of clients or the nature of clients' activities to third parties in order to generate revenue for the Firm. This also was contrary to the Firm's policies, unacceptable, and wrong. The Firm does not tolerate such conduct and already has committed significant resources in strengthening its controls surrounding our FX business.

The Firm has engaged in other practices on occasion, including:

- We have, without informing clients, worked limit orders at levels (i.e., prices) better than the limit order price so that we would earn a spread or markup in connection with our execution of such orders. This practice could have impacted clients in the following ways: (1) clients' limit orders would be filled at a time later than when the Firm could have obtained currency in the market at the limit orders' prices, and (2) clients' limit orders would not be filled at all, even though the Firm had or could have obtained currency in the market at the limit orders' prices. For example, if we accepted an order to purchase €100 at a limit of 1.1200 EURUSD, we might choose to try to purchase the currency at a EURUSD rate of 1.1199 or better so that, when we sought in turn to fill the client's order at the order price (i.e., 1.1200), we would make a spread or markup of 1 pip or better on the transaction. If the Firm were unable to obtain the currency at the 1.1199 price, the clients' order may not be filled as a result of our choice to make this spread or markup.