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May 20, 2015

Re: The Royal Bank of Scotland Foreign Currency Exchange Settlement – Waiver Request under Rule 405

Mary Kosterlitz, Esq.
Chief, Office of Enforcement Liaison
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-7553

Dear Ms. Kosterlitz:

This letter is submitted on behalf of our client, The Royal Bank of Scotland Group plc (“**RBSG**”), a reporting company registered under section 12 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), to request that the Securities and Exchange Commission (the “**Commission**”), determine that RBSG should not be considered an “ineligible issuer” as defined in amended Rule 405 (“**Rule 405**”) under the Securities Act of 1933, as amended (the “**Securities Act**”) as a result of a plea agreement (the “**Plea Agreement**”) to be entered into by The Royal Bank of Scotland plc, the principal direct operating subsidiary undertaking of RBSG (the “**Settling Firm**”), as described below. The Settling Firm is expected to enter a guilty plea (the “**Guilty Plea**”) in the U.S. District Court for the District of Connecticut (the “**District Court**”) to a one-count information charging a criminal violation of the Shearman Act (the “**Information**”) on May 20, 2015 (the “**Effective Date**”). At a later time, the District Court is expected to enter a final judgment in relation to the conviction of the Settling Firm pursuant to the Plea Agreement (the “**Final Judgment**”).

Pursuant to Rule 405, we respectfully request, on behalf of RBSG, that the Commission determine that for good cause shown it is not necessary under the circumstances that RBSG be considered an “ineligible issuer” under Rule 405 and that such determination that RBSG should not be considered an “ineligible issuer” be made effective as of the Effective Date.

BACKGROUND

On May 20, 2015, the Settling Firm and the Antitrust and Criminal Divisions of the United States Department of Justice (the “**Department of Justice**”) are expected to sign the Plea Agreement

and the Settling Firm is expected to enter the Guilty Plea in the District Court to the Information. The Information charges that between approximately December 2007 and January 2013, the Settling Firm and its co-conspirators entered into and engaged in a combination and conspiracy to fix, stabilize, maintain, increase or decrease the price of, and rig bids and offers for, the euro/U.S. dollar ("**EUR/USD**") currency pair exchanged in the foreign currency exchange spot market (the "**FX Spot Market**") by agreeing to eliminate competition in the purchase and sale of the EUR/USD currency pair in the United States and elsewhere in violation of the Sherman Antitrust Act, Title 15, United States Code, Section 1 (the "**Charged Conduct**").¹ The Settling Firm, through one of its EUR/USD currency traders (the "**Responsible Trader**"), is alleged to have knowingly joined and participated in the conspiracy from at least as early as December 2007 until at least April 2010.

The Information charges that in furtherance of this conspiracy, the Settling Firm and its co-conspirators, engaged in communications in electronic chat rooms. The Information further charges that the Settling Firm and its co-conspirators, carried out the conspiracy to eliminate competition in the purchase and sale of the EUR/USD currency pairs by various means and methods including, in certain instances, by: (i) coordinating the trading of the EUR/USD currency pairs in connection with European Central Bank and World Markets/Reuters benchmark currency "fixes" which occurred at 2:15 PM (CET) and 4:00 PM (GMT) each trading day, respectively; and (ii) refraining from certain trading behavior, by withholding bids and offers, when one conspirator held an open risk position, so that the price of the currency traded would not move in a direction adverse to the conspirator with an open risk position.

Pursuant to the Plea Agreement, attached hereto as Annex A², the Settling Firm is expected to enter the Guilty Plea in the District Court to the Charged Conduct. In the Plea Agreement, the Settling Firm, among other things, will agree to pay a fine in the amount of \$395 million. It is expected that the District Court will enter a Final Judgment that will require remedies that are materially the same as set forth in the Plea Agreement. The Settling Firm, and certain of its majority-owned subsidiaries, also agree to cooperate in the Department of Justice's continuing investigation into the FX Spot Market and any related litigation, as well as other investigations designated in the Plea Agreement..

The Settling Firm and RBS Securities, Inc. will also enter into a settlement with the Board of Governors of the Federal Reserve System ("**Federal Reserve**") to resolve certain findings by the Federal Reserve. Such findings include that the activities by the Settling Firm regarding buying and selling U.S. dollars and foreign currency for its own account and by soliciting and receiving orders through communications between customers and Settling Firm sales personnel that are executed by traders in the spot market ("**Covered FX Activities**") lacked adequate governance, risk management, compliance and audit policies and procedures to ensure that the Covered FX Activities complied with safe and sound banking practices, applicable U.S. laws and regulations and applicable internal policies (the "**Federal Reserve Order**"). The Federal Reserve Order will require the Settling Firm to undertake certain further remedial efforts and pay a civil monetary penalty.

¹ In addition, the Information finds that the Settling Firm, through its currency traders and sales staff, also engaged in other deceptive currency trading and sales practices in conducting FX Spot Market transactions with customers via telephone, email, and/or electronic chat. For the avoidance of doubt, such conduct is not included in the term "Charged Conduct" as used herein.

² Attachment A of the Plea Agreement is sealed and may not be made public. As a result it has been removed from Annex A.

The Settling Firm entered into a settlement with the U.S. Commodity Futures Trading Commission (“**CFTC**”) on November 11, 2014 to resolve certain findings by the CFTC (the “**CFTC Order**”). Such findings include that the Settling Firm, by and through certain of its foreign exchange (“**FX**”) traders, at times sought to benefit its own trading positions or those of certain FX traders at other banks by attempting to manipulate and aiding and abetting certain traders at other banks in their attempts to manipulate certain FX benchmark rates, that such misconduct occurred primarily at the Settling Firm’s G10 FX trading desk in London, that the Settling Firm failed to adequately assess the risks associated with its participation in the setting of certain FX benchmark rates, lacked adequate internal controls or procedures to detect and deter possible misconduct involving certain FX benchmark rates and failed to adequately supervise its FX traders by, among other shortcomings, failing to have controls and monitoring over the use of electronic chat rooms. In the CFTC Order, the Settling Firm, among other things, agreed to undertake certain remedial efforts with respect to its internal controls and procedures and pay a fine of \$290 million. As required by the CFTC Order, on March 10, 2015, the Settling Firm submitted to the CFTC a report regarding its remediation efforts prior to and since the entry of the CFTC Order. The report described the Settling Firm’s FX remediation efforts through 2014, which are summarized below in Section 2 “Remedial Steps,” and its plans with respect to the remedial undertakings required by the CFTC Order.

DISCUSSION: “INELIGIBLE ISSUERS”

As amended by the Securities Offering Reform, Securities Act rules adopted by the Commission provide certain benefits for “**well-known seasoned issuers**”, or “**WKSIs**”, in connection with the registration process. The Securities Act rules also permit WKSIs to use a “free writing prospectus” in connection with a registered offering of securities.³ These benefits, however, are unavailable to issuers defined as “ineligible issuers” pursuant to Rule 405.

Notwithstanding the foregoing, paragraph (2) of the definition provides that an issuer “shall not be an ineligible issuer if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”

As a result of the conviction and absent a determination by the Commission to the contrary, RBSG would be an “ineligible issuer” under paragraph (1)(v) of the definition of ineligible issuer under Rule 405 for a period of three years after the Effective Date. As an ineligible issuer, RBSG would be precluded from qualifying as a WKSI and having the benefit of the automatic shelf registration and other provisions of the Securities Offering Reform rules for three years.

REASONS FOR GRANTING A WAIVER

As described above, Rule 405 authorizes the Commission to grant waivers of ineligible issuer status in circumstances where an issuer has become an ineligible issuer pursuant to Rule 405. RBSG believes that under the facts and circumstances of this matter there is good cause for the Commission to make such a determination with respect to it notwithstanding the conviction. In making this request, RBSG has carefully considered the policy statement on the framework for

³ See Securities Act Rules 164 and 433, 17 C.F.R. § 230.164 and 230.433.

well-known seasoned issuer waivers (the “**Framework**”)⁴ and, as discussed in more detail below, does not believe that according ineligible issuer status on RBSG is necessary for the protection of investors.

1. *Nature of Violation; Responsibility for and Duration of the Misconduct*

The violations addressed in the Plea Agreement do not pertain to activities undertaken by RBSG in connection with RBSG’s role as an issuer of securities (or any disclosure relating thereto) or any of its filings with the Commission or otherwise involve alleged fraud in connection with RBSG’s offerings of its own securities.

The Plea Agreement alleges that FX traders employed by a number of financial services firms acting as dealers in the FX Spot Market, including the Responsible Trader employed by the Settling Firm, entered into and engaged in a combination and conspiracy to fix, stabilize, maintain, increase or decrease the price of, and rig bids and offers for, EUR/USD exchanged in the FX Spot Market by agreeing to eliminate competition in the purchase and sale of EUR/USD in the United States and elsewhere, in violation of the Sherman Antitrust Act, 15 U.S.C. § 1. The Settling Firm, through the Responsible Trader, is alleged to have participated in the conspiracy from at least as early as December 2007 and continuing until at least April 2010.

As set forth in the Plea Agreement, the Charged Conduct is that of one employee, the Responsible Trader, who left the Settling Firm in April 2010. The Responsible Trader was a EUR/USD trader employed by the Settling Firm who engaged in communications in electronic chat rooms with FX traders employed by other financial institutions, unrelated to RBSG or the Settling Firm. None of these individuals were officers or directors of RBSG or the Settling Firm, and none of them were responsible for, or had any influence over, RBSG’s disclosure or the disclosure of RBSG’s subsidiaries.

Importantly, the Plea Agreement does not (i) challenge RBSG or its subsidiaries’ disclosures in their filings with the Commission; (ii) allege that RBSG’s disclosure controls and procedures were deficient or facilitated the perpetration of the fraudulent activities by the persons responsible; (iii) allege fraud in connection with offerings by RBSG or its subsidiaries of their securities; (iv) allege that members of the Board of Directors, Executive Committee, Management Committee or other senior officers of RBSG knew about the violations; or (v) allege that members of the Board of Directors, Executive Committee, Management Committee or other senior officers of RBSG ignored any warning signs or “red flags” regarding the violations.

As the wrongdoing identified in relation to the Charged Conduct was the product of misconduct principally committed by one trader employed by the Settling Firm, who had no responsibility for the disclosure of RBSG or any of its subsidiaries, RBSG believes that such misconduct does not call into question the reliability of RBSG’s current and future disclosure and that designation as an ineligible issuer is not required for the protection of existing and potential investors in RBSG’s securities.

2. *Remedial Steps*

⁴ Division of Corporation Finance “Revised Statement on Well-Known Seasoned Issuer Waivers”, April 24, 2014.

RBSG and its affiliates, including the Settling Firm, have implemented policies and procedures designed to prevent recurrence of the Charged Conduct that is the subject of the Plea Agreement and have fully cooperated with investigations relating to the Charged Conduct, which has been recognized by the Department of Justice, the Federal Reserve and RBSG's regulators in the United Kingdom. The Responsible Trader, who is the only individual who was associated with RBSG or its affiliates charged with criminal conduct in the Plea Agreement, left the Settling Firm in April 2010 for another financial institution. Consistent with the Settling Firm's practice with respect to employees terminating their employment to join other financial institutions, all outstanding and unvested share compensation rights were terminated upon the Responsible Trader's departure. The Responsible Trader's actions were carried out in contravention of RBSG's and the Settling Firm's policies, practices and procedures. The paragraphs below describe the steps which RBSG and its affiliates, including the Settling Firm, have taken to prevent the recurrence of the Charged Conduct.

Since becoming aware of the wrongdoing in the context of the CFTC, Department of Justice and Federal Reserve's investigations, and even prior thereto, the Settling Firm has taken extensive steps to remediate the misconduct and strengthen its compliance and internal control standards and procedures governing its participation in such markets. From 2012, RBSG and its affiliates began to expand the governance policies and procedures related to its FX activities with the creation of new multi-tiered committees composed of senior executives. These committees are responsible for, among other things, the following: reviewing issues such as pricing and disclosure, trade execution, client management, order management, high-risk scenarios and conflicts, information management, communications and surveillance, and supervision and training; undertaking risk assessment and control framework reviews of its FX business globally; creating forums for reviewing, discussing and escalating risks and governance-related matters for its FX activities; and setting new minimum standards and best practices to be applied in the submission of rates, prices or levels to internal or external entities that may be used for the compilation of official or unofficial reference rates, prices or indices or certain other purposes. In addition to the governance policies and procedures described above, RBSG has taken a number of other steps to enhance its internal controls policies and procedures relating to its FX business. These changes include, but are not limited to the following: reducing the risk appetite of its Currency Business (as defined below), as well as reducing the fixes at which it takes client orders and its rate-setting activities;

restricting participation in multi-bank chat rooms so that all front-office employees, including traders, are prohibited from participating in permanent chats or chat rooms that include banks, affiliates of banks or other competitors and multi-party chats that include clients, banks, bank entities, other competitors or brokers. In addition, stringent controls have been placed on temporary and bilateral chats;

strengthening its surveillance program covering electronic communications, audio communications and trade activity at FX desks;

adopting a "clean desk" process, a unified set of controls and procedures for accepting client orders at certain fixes;

prohibiting mobile communication devices (whether issued by RBSG or personal) on dealing floors;

improving customer disclosures relating to FX fix orders;

enhancing training programs for all relevant staff, including supervisors in RBSG's Corporate and Institutional Banking business unit ("**CIB**"), which encompasses FX activities; and

enhancing policies, procedures and guidance related to market color and client orders.

Further, RBSG has initiated internal programs and culture initiatives designed to set the tone from the top and to integrate RBSG's values and practices into employees' day-to-day activities by, among other things, conducting leadership workshops attended by more than 3,000 senior leaders as well as simplifying and enhancing the tools designed to ensure compliance with RBSG values. Other firm-wide initiatives included revisions to RBSG's code of conduct and changes to the performance management approach in order to better reflect and incentivize desired behavior. A number of initiatives specific to RBSG's CIB business have also been implemented.

The policies and procedures described above that RBSG has undertaken and continues to undertake are, and in the future will be, reasonably designed to result in the compliance of its activities related to FX transactions with all applicable laws and regulations.

RBSG's FX activities are conducted as part of its currencies business which forms part of RBSG's CIB business (the "**Currency Business**"). In February 2015, RBS publicly announced a major shift in its business strategy. As part of this revised strategic plan, RBSG's CIB activities will be restructured and scaled back significantly with the remainder of the activities designed to support RBSG's role as a leading British bank serving UK corporate and financial institutions. Such restructuring, in conjunction with RBSG's internal evaluation of the risks posed by FX activities, has resulted, and is expected to continue to result through 2018, in a significant reduction in the geographical scope of CIB's activities as well as the volume and types of activities undertaken by RBSG's Currency Business. During this period of restructuring, in addition to the procedures and policies described above which are specific to RBSG's FX activities, significant resources and internal corporate governance structures will be put in place to create accountability and responsibility for carrying out the restructuring of the CIB business, including mitigating actions relating to RBSG's FX activities during the run-down period.

As the Commission staff is aware, RBSG has twice previously requested and received a waiver regarding its WKSI status from the Office of Enforcement Liaison, Division of Corporation Finance pursuant to the delegated authority granted by the Commission, in connection with settlements involving other of its subsidiaries. The first waiver was granted on November 26, 2013 and related to alleged conduct with respect to a single offering of residential mortgage backed securities by an indirect wholly owned subsidiary of RBSG in the United States, and that in connection with such offering, the defendant violated section 17(a)(2) and (3) of the Securities Act. The conduct, which was the subject of the first waiver request, and for which certain remediation steps were implemented, occurred between April and May 2007 and is unrelated to the conduct which is the subject of this waiver request. The second waiver was granted on April 25, 2014 and related to the conduct of an indirect wholly owned subsidiary of RBSG in Japan, which resulted in the subsidiary pleading guilty to one count of wire fraud relating to the manipulation of Yen LIBOR in violation of Title 18, United States Code, Section 1343. The conduct which was the subject of the second waiver request, and for which certain remediation steps were and continue to be implemented, related to a limited number of lower-level employees of another subsidiary of RBSG and took place concurrently with the Charged Conduct in the Information between 2006 and 2010. The Charged Conduct in the Information had terminated at the time the plea agreement and deferred prosecution agreement in relation to the matter for which this second waiver was requested were finalized. A number of the remediation

efforts described above have been, and continue to be, implemented on a firm-wide basis as part of a major compliance and governance initiative to reinforce the controls and procedures relating to RBSG's markets activities which comprise the units whose employees were responsible for the wrongdoing relating to the manipulation of the Yen LIBOR and of the FX Spot Market. Such initiatives are being carried out within the broader context of a significant restructuring of RBSG's CIB business (described above) which is expected to result in an important reduction in the size and complexity of this business. As a result, and taking account of the remediation steps which have been described above, RBSG does not believe that the prior conduct covered by the previous WKSI waiver requests nor the misconduct that is the subject of this WKSI waiver request, calls into question the adequacy of RBSG's internal controls or its ability to produce reliable disclosure.

3. Impact on RBSG if the Request Is Denied

The Plea Agreement is the result of substantial negotiations among RBSG, the Settling Firm and the Department of Justice. Its terms have been carefully crafted to meet and balance the competing concerns of all involved. Determining to maintain ineligible issuer status for RBSG would, in effect, impose a sanction that would go beyond the agreed-upon settlement terms negotiated by the Settling Firm in good faith and that would be disproportionately severe, given the Charged Conduct that is the subject of the action, the lack of any nexus to RBSG's public disclosures and taking into account the monetary fines in the amount of \$395 million imposed on the Settling Firm pursuant to the Plea Agreement and the remedial measures described above.

Loss of WKSI status would impose a significant burden on RBSG and the Settling Firm. As the Commission staff is aware, RBSG and the Settling Firm (with an RBSG guarantee) are both frequent issuers of securities that are registered with the Commission and offered and sold under the current Form F-3 automatic registration statement (the "**WKSI Shelf**"). RBSG and the Settling Firm issue a variety of securities that are registered under the WKSI Shelf, including ordinary shares and related depositary shares, preference stock, regulatory capital securities and senior debt securities. For RBSG and the Settling Firm, the WKSI Shelf process available to WKSI's and certain subsidiaries of WKSI's⁵ provides an important means of rapid and flexible access to the U.S. capital markets, which are an essential source of funding and regulatory capital for RBSG's operations. Although access to the public capital markets globally has improved in the past few years, markets remain volatile and local and global macro-economic and political events are expected to continue to impact markets and result in significant periods of volatility. As a result, the procedural and financial flexibility that the WKSI Shelf provides will remain key to RBSG's funding and capital raising activities. Furthermore, the WKSI Shelf allows access to the widest possible investor base, and one that is most familiar with the bank holding company structure which is otherwise uncommon outside of the United States.

In 2014, RBSG raised 76% of its regulatory capital for that year using the WKSI Shelf. In 2013 and 2012, RBSG raised 100% of its regulatory capital for each of those years using the WKSI Shelf. Since 2012, RBSG and RBS have raised in aggregate 65% of their unsecured senior funding using the WKSI Shelf. Since 2010, RBSG and the Settling Firm have completed 15 key benchmark trades using the WKSI Shelf, representing \$14.7 billion in funding and \$7.5 billion in regulatory capital. It is expected that material amounts of regulatory capital and other senior and

⁵ The Settling Firm is not a stand-alone reporting company. It utilizes an exception provided in Rule 3-10 of Regulation S-X which permits condensed consolidating financial information for the Settling Firm to be presented in the RBSG 20-F.

subordinated debt securities will be raised by RBSG in the coming years in light of RBSG's announced capital plan and increased capital and other regulatory requirements, and the flexibility offered by the WKSI Shelf will be critical to achieving successful offerings. In particular, following the publication in December 2014 of the stress test results carried out by the Bank of England and as part of its revised capital strategy announced in February 2015, RBSG has publicly announced its intention to raise around £2 billion of Additional Tier 1 capital instruments during 2015.

RBSG and the Settling Firm are subject to the capital requirements of the Capital Requirements Directive and Capital Requirements Regulation (together, "CRD IV") which transpose the Basel III framework in Europe and came into effect in the United Kingdom on January 1, 2014. In addition, RBSG and its subsidiaries are and may in the future be, subject to additional firm-specific capital and liquidity requirements imposed by the Prudential Regulation Authority in the United Kingdom. Proposals currently under consideration in Europe relating to minimum requirements for own funds and eligible liabilities under the Bank Recovery and Resolution Directive, as well as the Financial Stability Board's proposals relating to total loss absorbency capacity for globally systemically important banks, are likely to result in increased capital and other requirements for institutions such as RBSG. In addition, under CRD IV qualifying regulatory capital usually consists of common equity, preferred equity, Additional Tier 1 capital and certain subordinated debt. As a result of the levels of regulatory capital required to meet the capital requirements to which RBSG is subject, and the costs of raising common equity capital, it is likely that capital-raising efforts going forward will involve the issuance of new types of securities, the characteristics of which are not yet known and therefore are difficult to anticipate in a shelf registration statement. "File and launch" for the public offering of new securities has developed as the market standard for large issuers since the advent of the Commission's Securities Offering Reform in 2005. Without a waiver of ineligible issuer status, by the time RBSG may be able to enter the market (i.e., after it files an amendment to its non-WKSI shelf registration statement subject to Commission staff review and approval), the market could be saturated, there may not be the same level of demand or the pricing terms may have become disadvantageous.

RBSG and its subsidiaries are also regularly subject to stress tests administered by the Bank of England and the European Banking Authority, the parameters and requirements of which change annually, and significant capital buffers, above the regulatory minimum levels, are required for financial institutions to be able to withstand the severe economic downturn hypothesized in the stress test scenarios elaborated for the purposes of these tests. The results of these stress tests could dictate additional capital needs.

In February 2015, RBSG announced a vast transformation program which involves a number of initiatives, including a number of measures designed to achieve RBSG's capital targets and the implementation of the ring-fence regime of its retail operations in the United Kingdom. RBSG targets a fully loaded Basel III Common Equity Tier 1 ("CET1") ratio of 13% over the restructuring period. The ring-fenced entity will be subject to specific additional capital buffers which will be determined by the Bank of England's Financial Policy Committee and may result in increased capital funding requirements.

In order to satisfy the enhanced capital requirements described above, RBSG expects that a significant proportion of any new capital will be met through the issuance of qualifying securities in the public markets, with the United States being a critical market for such issuances.

In addition, since November 2010, RBSG and the Settling Firm have executed approximately 115 structured products trades using their WKSI Shelf structured products platforms (pursuant to which more than 17 different products have been offered, including CPI-linked notes and other similar instruments as well as exchange-traded notes). As the Commission staff is aware, free writing prospectuses are important to marketing structured products. The issuance of structured products has constituted an important part of RBSG's funding in the past. Although RBSG currently expects to exit the structured products business as a result of the restructuring of RBSG's CIB business, RBSG may in the future decide to recommence such activities, including during the period when it would be considered an "ineligible issuer." If this were the case, reentering the structured products business may be challenging without the ability to rely on free writing prospectuses and the benefits of a WKSI Shelf.

As an ineligible issuer, RBSG would lose the flexibility to offer additional securities of the classes covered by the registration statement without filing a new registration statement and to register additional classes of securities not covered by the registration statement by filing a post-effective amendment which becomes immediately effective, and RBSG would lose the ability to omit certain information from the prospectus and rely on pay-as-you-go fees. In addition, RBSG would not be able to qualify a new indenture under the Trust Indenture Act of 1939, as amended, should the need arise, without filing and having the Commission declare effective a new registration statement. Moreover, as an ineligible issuer, RBSG and the Settling Firm would not be permitted to use a free writing prospectus other than a free writing prospectus that contains only a description of the terms of the securities in the offering or the offering itself. This could limit the ability of RBSG and the Settling Firm to use certain road-show or other materials which, under certain circumstances, could only be used if they were eligible to be treated as a free writing prospectus.

* * *

As acknowledged by the Department of Justice and the Federal Reserve, RBSG and the Settling Firm have shown exemplary cooperation with inquiries into this matter by the Department of Justice, Federal Reserve and other regulatory and supervisory bodies and continue to provide their full cooperation in ongoing investigations. The Plea Agreement notes that the Settling Firm and certain of its majority-owned subsidiaries (collectively, the "**Related Entities**") have agreed to continue to cooperate with the Department of Justice in any ongoing investigation relating to the manipulation of the FX Spot Markets, as well as other investigations designated in the Plea Agreement. The Plea Agreement also includes a term of probation pursuant to which the Settling Firm agrees that during the term of probation – three years – it (i) will not commit another crime in violation of the federal laws of the United States, engage in the Charged Conduct, and will post disclosure on its website and to its spot FX customers relating to the currency trading and sales practices enumerated in the Plea Agreement, and (ii) will implement and enforce certain compliance programs designed to prevent and detect the Charged Conduct and the currency trading and sales practices enumerated in the Plea Agreement throughout its operations and those of its affiliates and put in place such compliance and internal controls as may be required by other regulatory or other enforcement agencies that have addressed the Charged Conduct and the currency trading and sales practices set forth in the Plea Agreement.

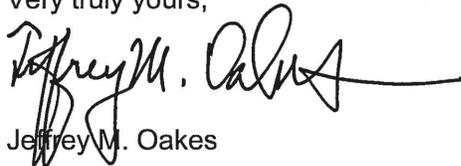
RBSG is also engaging with the Federal Reserve and has provided the Federal Reserve with information describing a number of remediation efforts put in place to address the issues identified in the Federal Reserve Order. The Settling Firm has also agreed to comply with several

undertakings pursuant to the CFTC Order, including, among other things, implementing and improving its internal controls and procedures in a manner reasonably designed to ensure the integrity of its participation in the fixing of any FX benchmark rate, including measures reasonably designed to identify and address internal or external conflicts of interest. The Settling Firm's remediation efforts detailed in the report are concentrated around three areas of activity: (1) the establishment of a remediation governance and oversight structure, (2) changes in the risk profile and appetite of the Settlement Firm's FX activities and (3) initiatives to reshape the culture of the Settling Firm as a firm as well as specific cultural programs within CIB. In addition to these three key areas of remediation, and as noted in the CFTC Order, the Settling Firm had already taken a number of other steps intended to make reasonable efforts to ensure the integrity of the FX markets which are described in section 2 of this letter.

In light of the foregoing, subjecting RBSG to ineligible issuer status is not necessary under the circumstances, either in the public interest or for the protection of investors, and good cause exists for grant of the requested relief. Based on the factors set forth in the Framework, the loss to RBSG of certainty and flexibility if it were to become an ineligible issuer would be a disproportionate hardship, and the Charged Conduct does not relate to RBSG's ability to produce reliable disclosures, including in its role as an issuer of securities. Accordingly, we respectfully request that the Commission, pursuant to Rule 405, determine that under the circumstances RBSG will not be considered an "ineligible issuer" within the meaning of Rule 405 as a result of the conviction arising out of the Plea Agreement.

If you have any questions regarding this request, please contact the undersigned at +44 207 418 1386.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeffrey M. Oakes", with a long horizontal flourish extending to the right.

Jeffrey M. Oakes

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

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UNITED STATES OF AMERICA : Criminal No.
v. : Filed:
THE ROYAL BANK OF SCOTLAND PLC, : Violation: 15 U.S.C. § 1
Defendant. :
----- X

PLEA AGREEMENT

The United States of America and The Royal Bank of Scotland plc (“defendant”), a financial services public limited company organized and existing under the laws of the United Kingdom, hereby enter into the following Plea Agreement pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure (“Fed. R. Crim. P.”):

RIGHTS OF DEFENDANT

1. The defendant understands its rights:
 - (a) to be represented by an attorney;
 - (b) to be charged by Indictment;
 - (c) as a public limited company organized and existing under the laws of the United Kingdom, to decline to accept service of the Summons in this case, and to contest the jurisdiction of the United States to prosecute this case against it in the United States District Court for the District of Connecticut, and to contest venue in that District;
 - (d) to plead not guilty to any criminal charge brought against it;

(e) to have a trial by jury, at which it would be presumed not guilty of the charge and the United States would have to prove every essential element of the charged offense beyond a reasonable doubt for it to be found guilty;

(f) to confront and cross-examine witnesses against it and to subpoena witnesses in its defense at trial;

(g) to appeal its conviction if it is found guilty; and

(h) to appeal the imposition of sentence against it.

**AGREEMENT TO PLEAD GUILTY
AND WAIVE CERTAIN RIGHTS**

2. The defendant knowingly and voluntarily waives the rights set out in Paragraph 1(b)-(g) above. The defendant also knowingly and voluntarily waives the right to file any appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal under 18 U.S.C. § 3742, that challenges the sentence imposed by the Court if that sentence is consistent with or below the Recommended Sentence in Paragraph 9 of this Plea Agreement, regardless of how the sentence is determined by the Court. The defendant further agrees to waive and not raise any defense or rights defendant may otherwise have under the statute of limitations with respect to the criminal information referred to in this paragraph. The defendant further states that this waiver is knowingly and voluntarily made after fully conferring with, and on the advice of, defendant's counsel, and is made for defendant's own benefit. This agreement does not affect the rights or obligations of the United States as set forth in 18 U.S.C. § 3742(b)-(c). Nothing in this paragraph, however, will act as a bar to the defendant perfecting any legal remedies it may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct. The defendant agrees that there is currently

no known evidence of ineffective assistance of counsel or prosecutorial misconduct. Pursuant to Fed. R. Crim. P. 7(b), the defendant will waive indictment and plead guilty to a one-count Information to be filed in the United States District Court for the District of Connecticut. The Information will charge that the defendant and its co-conspirators entered into and engaged in a combination and conspiracy to fix, stabilize, maintain, increase or decrease the price of, and rig bids and offers for, the euro/U.S. dollar (“EUR/USD”) currency pair exchanged in the foreign currency exchange spot market (“FX Spot Market”), which began at least as early as December 2007 and continued until at least January 2013, by agreeing to eliminate competition in the purchase and sale of the EUR/USD currency pair in the United States and elsewhere, in violation of the Sherman Antitrust Act, 15 U.S.C. § 1. The Information will further charge that the defendant knowingly joined and participated in the conspiracy from at least as early as December 2007 until at least April 2010.

3. The defendant will plead guilty to the criminal charge described in Paragraph 2 above pursuant to the terms of this Plea Agreement and will make a factual admission of guilt to the Court in accordance with Fed. R. Crim. P. 11, as set forth in Paragraph 4 below.

FACTUAL BASIS FOR OFFENSE CHARGED

4. Had this case gone to trial, the United States would have presented evidence sufficient to prove the following facts:

(a) For purposes of this Plea Agreement, the “Relevant Period” is that period from at least as early as December 2007 and continuing until at least January 2013.

(b) The FX Spot Market is a global market in which participants buy and sell currencies. In the FX Spot Market, currencies are traded against one another in pairs.

The EUR/USD currency pair is the most traded currency pair by volume, with a worldwide trading volume that can exceed \$500 billion per day, in a market involving the exchange of currencies valued at approximately \$2 trillion a day during the Relevant Period.

(c) The FX Spot Market is an over-the-counter market and, as such, is decentralized and requires financial institutions to act as dealers willing to buy or sell a currency. Dealers, also known throughout the FX Spot Market as market makers, therefore play a critical role in ensuring the continued functioning of the market.

(d) During the Relevant Period, the defendant and certain of its Related Entities, as defined in Paragraph 14 of this Plea Agreement, employing more than 5,000 individuals worldwide, acted as a dealer, in the United States and elsewhere, for currency traded in the FX Spot Market.

(e) A dealer in the FX Spot Market quotes prices at which the dealer stands ready to buy or sell the currency. These price quotes are expressed as units of a given currency, known as the “counter” currency, which would be required to purchase one unit of a “base” currency, which is often the U.S. dollar and so reflects an “exchange rate” between the currencies. Dealers generally provide price quotes to four decimal points, with the final digit known as a “percentage in point” or “pip.” A dealer may provide price quotes to potential customers in the form of a “bid/ask spread,” which represents the difference between the price at which the dealer is willing to buy the currency from the customer (the “bid”) and the price at which the dealer is willing to sell the currency to the customer (the “ask”). A dealer may quote a spread, or may provide just the bid to a

potential customer inquiring about selling currency or just the ask to a potential customer inquiring about buying currency.

(f) A customer wishing to trade currency may transact with a dealer by placing an order through the dealer's internal, proprietary electronic trading platform or by contacting the dealer's salesperson to obtain a quote. When a customer accepts a dealer's quote, that dealer now bears the risk for any change in the currency's price that may occur before the dealer is able to trade with other dealers in the "interdealer market" to fill the order by buying the currency the dealer has agreed to sell to the customer, or by selling the currency the dealer has agreed to buy from the customer. A dealer may also take and execute orders from customers such as "fix orders," which are orders to trade at a subsequently determined "fix rate." When a dealer accepts a fix order from a customer, the dealer agrees to fill the order at a rate to be determined at a subsequent fix time based on trading in the interdealer market. Two such "fixes" used to determine a fix rate are the European Central Bank fix, which occurs each trading day at 2:15 PM (CET) and the World Markets/Reuters fix, which occurs each trading day at 4:00 PM (GMT).

(g) During the Relevant Period, the defendant and its corporate co-conspirators, which were also financial services firms acting as dealers in the FX Spot Market, entered into and engaged in a conspiracy to fix, stabilize, maintain, increase or decrease the price of, and rig bids and offers for, the EUR/USD currency pair exchanged in the FX Spot Market by agreeing to eliminate competition in the purchase and sale of the EUR/USD currency pair in the United States and elsewhere. The defendant, through

one of its EUR/USD traders, participated in the conspiracy from at least as early as December 2007 and continuing until at least April 2010.

(h) In furtherance of the conspiracy, the defendant and its co-conspirators engaged in communications, including near daily conversations, some of which were in code, in an exclusive electronic chat room, which chat room participants, as well as others in the FX Spot Market, referred to as “The Cartel” or “The Mafia.” Participation in this electronic chat room was limited to specific EUR/USD traders, each of whom was employed, at certain times, by a co-conspirator dealer in the FX Spot Market. The defendant participated in this electronic chat room through one of its EUR/USD traders from December 2007 until April 2010.

(i) The defendant and its co-conspirators carried out the conspiracy to eliminate competition in the purchase and sale of the EUR/USD currency pair by various means and methods including, in certain instances, by: (i) coordinating the trading of the EUR/USD currency pair in connection with European Central Bank and World Markets/Reuters benchmark currency “fixes” which occurred at 2:15 PM (CET) and 4:00 PM (GMT) each trading day; and (ii) refraining from certain trading behavior, by withholding bids and offers, when one conspirator held an open risk position, so that the price of the currency traded would not move in a direction adverse to the conspirator with an open risk position.

(j) During the Relevant Period, the defendant and its co-conspirators purchased and sold substantial quantities of the EUR/USD currency pair in a continuous and uninterrupted flow of interstate and U.S. import trade and commerce to customers

and counterparties located in U.S. states other than the U.S. states or foreign countries in which the defendant agreed to purchase or sell these currencies. The business activities of the defendant and its co-conspirators in connection with the purchase and sale of the EUR/USD currency pair, were the subject of this conspiracy and were within the flow of, and substantially affected, interstate and U.S. import trade and commerce. The conspiracy had a direct effect on trade and commerce within the United States, as well as on U.S. import trade and commerce, and was carried out, in part, within the United States.

(k) Acts in furtherance of the charged offense were carried out within the District of Connecticut and elsewhere.

ELEMENTS OF THE OFFENSE

5. The elements of the charged offense are that:

(a) the conspiracy described in the Information existed at or about the time alleged;

(b) the defendant knowingly became a member of the conspiracy; and

(c) the conspiracy described in the Information either substantially affected interstate and U.S. import commerce in goods or services or occurred within the flow of interstate and U.S. import commerce in goods and services.

POSSIBLE MAXIMUM SENTENCE

6. The defendant understands that the statutory maximum penalty which may be imposed against it upon conviction for a violation of Section One of the Sherman Antitrust Act is a fine in an amount equal to the greatest of:

- (a) \$100 million (15 U.S.C. § 1);
- (b) twice the gross pecuniary gain the conspirators derived from the crime (18 U.S.C. § 3571(c) and (d)); or
- (c) twice the gross pecuniary loss caused to the victims of the crime by the conspirators (18 U.S.C. § 3571(c) and (d)).

7. In addition, the defendant understands that:

- (a) pursuant to 18 U.S.C. § 3561(c)(1), the Court may impose a term of probation of at least one year, but not more than five years;
- (b) pursuant to § 8B1.1 of the United States Sentencing Guidelines (“U.S.S.G.,” “Sentencing Guidelines,” or “Guidelines”) or 18 U.S.C. § 3563(b)(2) or 3663(a)(3), the Court may order it to pay restitution to the victims of the offense charged; and
- (c) pursuant to 18 U.S.C. § 3013(a)(2)(B), the Court is required to order the defendant to pay a \$400 special assessment upon conviction for the charged crime.

SENTENCING GUIDELINES

8. The defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider, in determining and imposing sentence, the Guidelines Manual in effect on the date of sentencing unless that Manual provides for greater punishment than the Manual in effect on the last date that the offense of conviction was committed, in which case the Court must consider the Guidelines Manual in effect on the last date that the offense of conviction was committed. The parties agree there is no *ex post facto* issue under the November 1, 2014 Guidelines Manual. The Court must also consider the other

factors set forth in 18 U.S.C. §§ 3553(a), 3572(a), in determining and imposing sentence. The defendant understands that the Guidelines determinations will be made by the Court by a preponderance of the evidence standard. The defendant understands that although the Court is not ultimately bound to impose a sentence within the applicable Guidelines range, its sentence must be reasonable based upon consideration of all relevant sentencing factors set forth in 18 U.S.C. §§ 3553(a), 3572(a).

SENTENCING AGREEMENT

9. Pursuant to Fed. R. Crim. P. 11(c)(1)(C) and subject to the full, truthful, and continuing cooperation of the defendant and its Related Entities, as defined in Paragraphs 14 and 15 of this Plea Agreement, the United States and the defendant agree that the appropriate disposition of this case is, and agree to recommend jointly that the Court impose, a sentence requiring the defendant to pay to the United States a criminal fine of \$395 million, pursuant to 18 U.S.C. § 3571(d), payable in full before the fifteenth (15th) day after the date of judgment, no order of restitution, and a term of probation of 3 years (the “Recommended Sentence”). The parties agree not to seek at the sentencing hearing any sentence outside of the Guidelines range nor any Guidelines adjustment for any reason that is not set forth in this Plea Agreement. The parties further agree that the Recommended Sentence set forth in this Plea Agreement is reasonable.

(a) The defendant understands that the Court will order it to pay a \$400 special assessment, pursuant to 18 U.S.C. § 3013(a)(2)(B), in addition to any fine imposed.

(b) In light of the availability of civil causes of action, which potentially provide for a recovery of a multiple of actual damages, the Recommended Sentence does not include a restitution order for the offense charged in the Information.

(c) The United States and the defendant agree that the Court shall order a term of probation, which should include at least the following conditions, the violation of which is subject to 18 U.S.C. § 3565:

(i) The defendant shall not commit another crime in violation of the federal laws of the United States or engage in the conduct set forth in Paragraph 4(g)-(i) above during the term of probation. On a date not later than that on which the defendant pleads guilty (currently scheduled for Wednesday, May 20, 2015), the defendant shall prominently post on its website a retrospective disclosure (“Disclosure Notice”) of its conduct set forth in Paragraph 13 in the form agreed to by the Department (a copy of the Disclosure Notice is attached as Attachment B hereto), and shall maintain the Disclosure Notice on its website during the term of probation. The defendant shall make best efforts to send the Disclosure Notice not later than thirty (30) days after the defendant pleads guilty to its spot FX customers and counterparties, other than customers and counterparties who the defendant can establish solely engaged in buying or selling foreign currency through the defendant’s consumer bank units and not the defendant’s spot FX sales or trading staff.

(ii) The defendant shall notify the probation officer upon learning of the commencement of any federal criminal investigation in which the defendant is a target, or federal criminal prosecution against it.

(iii) The defendant shall implement and shall continue to implement a compliance program designed to prevent and detect the conduct set forth in Paragraph 4 (g)-(i) above and, absent appropriate disclosure, the conduct in Paragraph 13 below throughout its operations including those of its affiliates and subsidiaries and provide an annual report to the probation officer and the United States on its progress in implementing the program, commencing on a schedule agreed to by the parties.

(iv) The defendant shall further strengthen its compliance and internal controls as required by the U.S. Commodity Futures Trading Commission, the United Kingdom Financial Conduct Authority, and any other regulatory or enforcement agencies that have addressed the conduct set forth in Paragraph 4 (g)-(i) above and Paragraph 13 below, and report to the probation officer and the United States, upon request, regarding its remediation and implementation of any compliance program and internal controls, policies, and procedures that relate to the conduct described in Paragraph 4 (g)-(i) above and Paragraph 13 below. Moreover, the defendant agrees that it has no objection to any regulatory agencies providing to the United States any information or reports generated by such agencies or by the defendant relating to conduct described in Paragraph 4 (g)-(i) above or Paragraph 13 below. Such information and reports will likely include proprietary, financial, confidential, and competitive business information, and public disclosure of the information and reports could discourage cooperation, impede pending or potential government investigations, and thus undermine the objective of the United States in obtaining such reports. For these reasons, among others, the information and reports and the contents thereof are intended to remain and shall remain nonpublic,

except as otherwise agreed to by the parties in writing, or except to the extent that the United States determines in its sole discretion that disclosure would be in furtherance of the United States' discharge of its duties and responsibilities or is otherwise required by law.

(v) The defendant understands that during the term of probation it shall: (1) report to the Antitrust Division all credible information regarding criminal violations of U.S. antitrust laws by the defendant or any of its employees as to which the defendant's Board of Directors, management (that is, all supervisors within the bank), or legal and compliance personnel are aware; and (2) report to the Criminal Division, Fraud Section all credible information regarding criminal violations of U.S. law concerning fraud, including securities or commodities fraud, by the defendant or any of its employees as to which the defendant's Board of Directors, management (that is, all supervisors within the bank), or legal and compliance personnel are aware.

(vi) The defendant shall bring to the Antitrust Division's attention all federal criminal investigations in which the defendant is identified as a subject or a target, and all administrative or regulatory proceedings or civil actions brought by any federal or state governmental authority in the United States against the defendant or its employees, to the extent that such investigations, proceedings or actions allege facts that could form the basis of a criminal violation of U.S. antitrust laws, and the defendant shall also bring to the Criminal Division, Fraud Section's attention all federal criminal or regulatory investigations in which the defendant is identified as a subject or a target, and all administrative or regulatory proceedings or civil actions brought by any federal

governmental authority in the United States against the defendant or its employees, to the extent such investigations, proceedings or actions allege violations of U.S. law concerning fraud, including securities or commodities fraud.

(d) The parties agree that the term and conditions of probation imposed by the Court will not void this Plea Agreement.

(e) The defendant intends to file an application for a prohibited transaction exemption with the United States Department of Labor (“Department of Labor”) requesting that the defendant, its subsidiaries, and affiliates be allowed to continue to be qualified as a Qualified Professional Asset Manager pursuant to Prohibited Transactions Exemption 84-14. The defendant will seek such exemption in an expeditious manner and will provide all information requested of it by the Department of Labor in a timely manner. The decision regarding whether or not to grant an exemption, temporary or otherwise, is committed to the Department of Labor, and the United States takes no position on whether or not an exemption should be granted; however, if requested, the United States will advise the Department of Labor of the fact, manner, and extent of the cooperation of the defendant and its Related Entities, as defined in Paragraphs 14 and 15 of this Plea Agreement, and the relevant facts regarding the charged conduct. If the Department of Labor denies the exemption, or takes any other action adverse to the defendant, the defendant may not withdraw its plea or otherwise be released from any of its obligations under this Plea Agreement. The United States agrees that it will support a motion or request by the defendant that sentencing in this matter be adjourned until the Department of Labor has issued a ruling on the defendant’s request for an exemption,

temporary or otherwise, so long as the defendant is proceeding with the Department of Labor in an expeditious manner. To the extent that this Plea Agreement triggers other regulatory exclusions, disqualifications or penalties, the United States likewise agrees that, if requested, it will advise the appropriate officials of any governmental agency considering such action, or any waiver or exemption therefrom, of the fact, manner, and extent of the cooperation of the defendant and its Related Entities and the relevant facts regarding the charged conduct as a matter for that agency to consider before determining what action, if any, to take.

(f) The United States contends that had this case gone to trial, the United States would have presented evidence to prove that the gain derived from or the loss resulting from the charged offense is sufficient to justify the Recommended Sentence set forth in Paragraph 9 of this Plea Agreement, pursuant to 18 U.S.C. § 3571(d). For purposes of this plea and sentencing only, the defendant waives its right to contest this calculation.

(g) The defendant agrees to waive its right to the issuance of a Presentence Investigation Report pursuant to Fed. R. Crim. P. 32 and the defendant and the United States agree that the information contained in this Plea Agreement and the Information may be sufficient to enable the Court to meaningfully exercise its sentencing authority under 18 U.S.C. § 3553, pursuant to Fed. R. Crim. P. 32(c)(1)(A)(ii). Except as set forth in this Plea Agreement, the parties reserve all other rights to make sentencing recommendations and to respond to motions and arguments by the opposition.

10. The United States and the defendant agree that the applicable Guidelines fine range exceeds the fine contained in the Recommended Sentence set forth in Paragraph 9 of this Plea Agreement. The parties agree that they will request the Court to impose the Recommended Sentence set forth in Paragraph 9 of this Plea Agreement in consideration of the Guidelines fine range and other factors set forth in 18 U.S.C. §§ 3553(a), 3572(a). Subject to the full, truthful, and continuing cooperation of the defendant and its Related Entities, as defined in Paragraphs 14 and 15 of this Plea Agreement, and prior to sentencing in this case, the United States agrees that it will make a motion, pursuant to U.S.S.G. § 8C4.1 for a downward departure from the Guidelines fine range because of the defendant's and its Related Entities' substantial assistance in the United States' investigation and prosecution of violations of federal criminal law in the FX Spot Market. The parties further agree that the Recommended Sentence is sufficient, but not greater than necessary to comply with the purposes set forth in 18 U.S.C. §§ 3553(a), 3572(a).

11. Subject to the full, truthful, and continuing cooperation of the defendant and its Related Entities, as defined in Paragraphs 14 and 15 of this Plea Agreement, and prior to sentencing in the case, the United States will fully advise the Court of the fact, manner, and extent of the defendant's and its Related Entities' cooperation, and their commitment to prospective cooperation with the United States' investigation and prosecutions of violations of federal criminal law in the FX Spot Market, all material facts relating to the defendant's involvement in the charged offense and all other relevant conduct.

12. The United States and the defendant understand that the Court retains complete discretion to accept or reject the Recommended Sentence provided for in Paragraph 9 of this Plea Agreement.

(a) If the Court does not accept the Recommended Sentence, the United States and the defendant agree that this Plea Agreement, except for Paragraph 12(b) below, will be rendered void.

(b) If the Court does not accept the Recommended Sentence, the defendant will be free to withdraw its guilty plea (Fed. R. Crim. P. 11(c)(5) and (d)). If the defendant withdraws its plea of guilty, this Plea Agreement, the guilty plea, and any statement made in the course of any proceedings under Fed. R. Crim. P. 11 regarding the guilty plea or this Plea Agreement, or made in the course of plea discussions with an attorney for the United States, will not be admissible against the defendant in any criminal or civil proceeding, except as otherwise provided in Federal Rule of Evidence 410. In addition, the defendant agrees that, if it withdraws its guilty plea pursuant to this subparagraph of the Plea Agreement, the statute of limitations period for any offense referred to in Paragraph 16 of this Plea Agreement will be tolled for the period between the date of signature of this Plea Agreement and the date the defendant withdrew its guilty plea or for a period of sixty (60) days after the date of signature of this Plea Agreement, whichever period is greater.

OTHER RELEVANT CONDUCT

13. In addition to its participation in a conspiracy to fix, stabilize, maintain, increase or decrease the price of, and rig bids and offers for, the EUR/USD currency pair exchanged in the FX Spot Market, the defendant, through its currency traders and sales staff, also engaged in other currency trading and sales practices in conducting FX Spot Market transactions with customers via telephone, email, and/or electronic chat, to wit: (i) intentionally working

customers' limit orders one or more levels, or "pips," away from the price confirmed with the customer; and (ii) disclosing non-public information regarding the identity and trading activity of the defendant's customers to other banks or other market participants, in order to generate revenue for the defendant at the expense of its customers. The defendant also engaged in the following conduct: (iii) intentionally altering the rates provided to certain of its customers transacting FX over a trading platform disclosed to the United States in order to generate rates that were systematically more favorable to the defendant and less favorable to customers; and (iv) in connection with the FX component of a single corporate transaction, trading ahead of a client transaction so as to artificially affect the price of a currency pair and generate revenue for the defendant, and to affect or attempt to affect FX rates, and in addition misrepresenting market conditions and trading to the client.

DEFENDANT'S COOPERATION

14. The defendant and its Related Entities as defined below shall cooperate fully and truthfully with the United States in the investigation and prosecution of this matter, involving: (a) the purchase and sale of the EUR/USD currency pair, or any other currency pair, in the FX Spot Market, or any foreign exchange forward, foreign exchange option or other foreign exchange derivative, or other financial product (to the extent disclosed to the United States); (b) the conduct set forth in Paragraphs 13 of this Plea Agreement; and (c) any investigation, litigation or other proceedings arising or resulting from such investigation to which the United States is a party. Such investigation and prosecution includes, but is not limited to, an investigation, prosecution, litigation, or other proceeding regarding obstruction of, the making of a false statement or declaration in, the commission of perjury or subornation of perjury in, the

commission of contempt in, or conspiracy to commit such conduct or offenses in, an investigation and prosecution. The defendant's Related Entities for purposes of this Plea Agreement are entities in which the defendant had, indirectly or directly, a greater than 50% ownership interest as of the date of signature of this Plea Agreement, including but not limited to RBS Securities, Inc. The full, truthful, and continuing cooperation of the defendant and its Related Entities shall include, but not be limited to:

(a) producing to the United States all documents, factual information, and other materials, wherever located, not protected under the attorney-client privilege or work product doctrine, in the possession, custody, or control of the defendant or any of its Related Entities, that are requested by the United States; and

(b) using its best efforts to secure the full, truthful, and continuing cooperation of the current or former directors, officers and employees of the defendant and its Related Entities as may be requested by the United States, including making these persons available in the United States and at other mutually agreed-upon locations, at the defendant's expense, for interviews and the provision of testimony in grand jury, trial, and other judicial proceedings. This obligation includes, but is not limited to, sworn testimony before grand juries or in trials, as well as interviews with law enforcement and regulatory authorities. Cooperation under this paragraph shall include identification of witnesses who, to the knowledge of the defendant, may have material information regarding the matters under investigation.

15. For the duration of any term of probation ordered by the Court, the defendant also shall cooperate fully with the United States and any other law enforcement authority or

government agency designated by the United States, in a manner consistent with applicable law and regulations, with regard to all investigations identified in Attachment A (filed under seal) to this Plea Agreement. The defendant shall, to the extent consistent with the foregoing, truthfully disclose to the United States all factual information not protected by a valid claim of attorney-client privilege or work product doctrine protection with respect to the activities, that are the subject of the investigations identified in Attachment A, of the defendant and its Related Entities. This obligation of truthful disclosure includes the obligation of the defendant to provide to the United States, upon request, any non-privileged or non-protected document, record, or other tangible evidence about which the aforementioned authorities and agencies shall inquire of the defendant, subject to the direction of the United States. These obligations of full cooperation and truthful disclosure with regard to matters set forth in Attachment A do not preclude the defendant from merely putting the United States to its burden of proof in any action brought as a result of the investigations identified in Attachment A.

GOVERNMENT'S AGREEMENT

16. Subject to the full, truthful, and continuing cooperation of the defendant and its Related Entities, as defined in Paragraphs 14 and 15 of this Plea Agreement, and upon the Court's acceptance of the guilty plea called for by this Plea Agreement and the imposition of the Recommended Sentence, the United States agrees that it will not bring further criminal charges, whether under Title 15 or Title 18, or other federal criminal statutes, against the defendant or any of its Related Entities:

- (a) for any combination and conspiracy occurring before the date of signature of this Plea Agreement to fix, stabilize, maintain, increase or decrease the price of, and

rig bids and offers for, the EUR/USD currency pair, or any other currency pair exchanged in the FX Spot Market, or any foreign exchange forward, foreign exchange option or other foreign exchange derivative, or other financial product (to the extent such financial product was disclosed to the United States), and

(b) for the conduct specifically identified in Paragraph 13 (i)-(iii) of this Plea Agreement that the defendant disclosed to the United States and that occurred between January 1, 2009 and the date of signature of this Plea Agreement, and for the conduct specifically identified in Paragraph 13 (iv) of this Plea Agreement that the defendant disclosed to the United States and that occurred between January 1, 2008 and the date of signature of this Plea Agreement.

(c) The nonprosecution terms of Paragraph 16 of this Plea Agreement do not extend to any other product, activity, service or market of the defendant, and do not apply to (i) any acts of subornation of perjury (18 U.S.C. § 1622), making a false statement (18 U.S.C. § 1001), obstruction of justice (18 U.S.C. § 1503, *et seq*), contempt (18 U.S.C. §§ 401-402), or conspiracy to commit such offenses; (ii) civil matters of any kind; (iii) any violation of the federal tax or securities laws or conspiracy to commit such offenses; or (iv) any crime of violence.

REPRESENTATION BY COUNSEL

17. The defendant has been represented by counsel and is fully satisfied that its attorneys have provided competent legal representation. The defendant has thoroughly reviewed this Plea Agreement and acknowledges that counsel has advised it of the nature of the charge, any possible defenses to the charge, and the nature and range of possible sentences.

VOLUNTARY PLEA

18. The defendant's decision to enter into this Plea Agreement and to tender a plea of guilty is freely and voluntarily made and is not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to the defendant as to whether the Court will accept or reject the recommendations contained within this Plea Agreement.

VIOLATION OF PLEA AGREEMENT

19. The defendant agrees that, should the United States determine in good faith, during the period that any investigation or prosecution covered by Paragraph 14 is pending, or during the period covered by Paragraph 15, that the defendant or any of its Related Entities has failed to provide full, truthful, and continuing cooperation, as defined in Paragraphs 14 and 15 of this Plea Agreement respectively, or has otherwise violated any provision of this Plea Agreement, except for the conditions of probation set forth in Paragraphs 9(c)(i)-(vi), the violations of which are subject to 18 U.S.C. § 3565, the United States will notify counsel for the defendant in writing by personal or overnight delivery, email, or facsimile transmission and may also notify counsel by telephone of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and the defendant and its Related Entities will be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation resulting in this Plea Agreement. The defendant agrees that, in the event that the United States is released from its obligations under this Plea Agreement and brings criminal charges against the defendant or its Related Entities for any offense referred to in Paragraph 16 of this Plea

Agreement, the statute of limitations period for such offense will be tolled for the period between the date of signature of this Plea Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Plea Agreement.

20. The defendant understands and agrees that in any further prosecution of it or its Related Entities resulting from the release of the United States from its obligations under this Plea Agreement, because of the defendant's or its Related Entities' violation of this Plea Agreement, any documents, statements, information, testimony, or evidence provided by it, its Related Entities, or current or former directors, officers, or employees of it or its Related Entities to attorneys or agents of the United States, federal grand juries or courts, and any leads derived therefrom, may be used against it or its Related Entities. In addition, the defendant unconditionally waives its right to challenge the use of such evidence in any such further prosecution, notwithstanding the protections of Federal Rule of Evidence 410.

ENTIRETY OF AGREEMENT

21. This Plea Agreement, Attachment A, and Attachment B constitute the entire agreement between the United States and the defendant concerning the disposition of the criminal charge in this case. This Plea Agreement cannot be modified except in writing, signed by the United States, the defendant and the defendant's counsel.

22. The undersigned is authorized to enter this Plea Agreement on behalf of the defendant as evidenced by the Resolution of the Board of Directors of the defendant attached to, and incorporated by reference in, this Plea Agreement.

23. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

24. A facsimile or PDF signature will be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.

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AGREED:

FOR THE ROYAL BANK OF SCOTLAND PLC:

Date: May 20, 2015

By: 
James M. Esposito,
Authorized Signatory

Date: _____

By: _____
Greg D. Andres, Esq.
Davis Polk & Wardwell LLP

FOR THE DEPARTMENT OF JUSTICE, ANTITRUST DIVISION:

JEFFREY D. MARTINO
Chief, New York Office
Antitrust Division
United States Department of Justice

Date: _____

By: _____
Joseph Muoio, Trial Attorney
Eric L. Schleef, Trial Attorney
Bryan C. Bughman, Trial Attorney
Carrie A. Syme, Trial Attorney
George S. Baranko, Trial Attorney
Stephanie Raney, Trial Attorney
Bryan Serino, Trial Attorney

FOR THE DEPARTMENT OF JUSTICE, CRIMINAL DIVISION, FRAUD SECTION:

ANDREW WEISSMANN
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: _____

By: _____
Daniel A. Braun, Deputy Chief
Benjamin D. Singer, Deputy Chief
Gary A. Winters, Trial Attorney
Anna G. Kaminska, Trial Attorney

AGREED:

FOR THE ROYAL BANK OF SCOTLAND PLC:

Date: _____

By: _____

James M. Esposito, Esq.
General Counsel, RBS Americas

Date: _____

May 20, 2015

By: _____

Greg D. Andres, Esq.
Davis Polk & Wardwell LLP

FOR THE DEPARTMENT OF JUSTICE, ANTITRUST DIVISION:

JEFFREY D. MARTINO
Chief, New York Office
Antitrust Division
United States Department of Justice

Date: _____

By: _____

Joseph Muoio, Trial Attorney
Eric L. Schleef, Trial Attorney
Bryan C. Bughman, Trial Attorney
Carrie A. Syme, Trial Attorney
George S. Baranko, Trial Attorney
Stephanie Raney, Trial Attorney
Bryan Serino, Trial Attorney

FOR THE DEPARTMENT OF JUSTICE, CRIMINAL DIVISION, FRAUD SECTION:

ANDREW WEISSMANN
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: _____

By: _____

Daniel A. Braun, Deputy Chief
Benjamin D. Singer, Deputy Chief
Gary A. Winters, Trial Attorney
Anna G. Kaminska, Trial Attorney

AGREED:

FOR THE ROYAL BANK OF SCOTLAND PLC:

Date: _____

By: _____
James M. Esposito, Esq.
General Counsel, RBS Americas

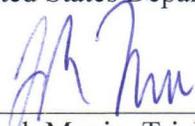
Date: _____

By: _____
Greg D. Andres, Esq.
Davis Polk & Wardwell LLP

FOR THE DEPARTMENT OF JUSTICE, ANTITRUST DIVISION:

JEFFREY D. MARTINO
Chief, New York Office
Antitrust Division
United States Department of Justice

Date: 5/20/15

By: 

Joseph Muoio, Trial Attorney
Eric L. Schleef, Trial Attorney
Bryan C. Bughman, Trial Attorney
Carrie A. Syme, Trial Attorney
George S. Baranko, Trial Attorney
Stephanie Raney, Trial Attorney
Bryan Serino, Trial Attorney

FOR THE DEPARTMENT OF JUSTICE, CRIMINAL DIVISION, FRAUD SECTION:

ANDREW WEISSMANN
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: 5/20/15

By: 

Daniel A. Braun, Deputy Chief
Benjamin D. Singer, Deputy Chief
Gary A. Winters, Trial Attorney
Anna G. Kaminska, Trial Attorney

ATTACHMENT B

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.

EXTRACT DRAFT MINUTES of Meeting of the Board of Directors of THE ROYAL BANK OF SCOTLAND GROUP plc (the "Group") held at 280 Bishopsgate, London on Tuesday, 12 May 2015

Project Fox / FX Update

It was agreed that for the purpose of this item, the Directors would also be acting in their capacity as the Board of Directors of THE ROYAL BANK OF SCOTLAND plc (the "Bank") and that the Minutes would be construed accordingly.

After due discussion the Directors:

- (a) on the basis of the advice received from RBS Legal and Davis Polk, APPROVED, in principle, the Bank entering into the DOJ Plea Agreement and the Federal Reserve Cease and Desist Order subject to resolving the outstanding negotiations discussed at the meeting;
- (b) NOTED the recommendation that the Plea Agreement be entered by the Bank rather than the Group; and
- (c) RESOLVED THAT a committee of the Board be appointed comprising at least two Directors, two of whom shall be the Chairman, the Chief Executive or the Chief Financial Officer as a Committee of the Board (the "FX Committee") to finalise the negotiation of, and approve the final forms of, the Plea Agreement and the Cease and Desist Order.

I confirm that the above resolutions were passed at the Group and Bank Board meetings on 12 May 2015



Aileen Taylor
Chief Governance Officer and Board Counsel

The Royal Bank of Scotland plc

Meeting of the FX Committee of the
Board of Directors
Taken as of 19 May 2015

EXTRACT DRAFT MINUTES of Meeting of the FX Committee of the Board of Directors of THE ROYAL BANK OF SCOTLAND PLC ("the Bank") held by telephone on Tuesday, 19 May 2015.

Project Fox

The Directors having considered:

1. the discussions between the Bank, through its legal counsel, and the U.S. Department of Justice ("DOJ") regarding the issues that remain subject to negotiation in the investigations into the Bank's foreign exchange ("FX") practices;
2. the terms of the proposed Plea Agreement between the Bank and the DOJ, a draft of which was circulated to the Board before its 12 May 2015 meeting, and the revised version of which was circulated to the FX Committee before its 19 May 2015 meeting; and
3. the advice to the Board and the FX Committee by legal counsel regarding the current terms of the Plea Agreement, as well as advice regarding the waiver of rights and other consequences of entering into such agreement with the DOJ.

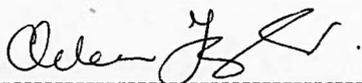
Resolved that:

1. The terms of the Plea Agreement with the DOJ that was circulated to the FX Committee on 19 May 2015 (the "Plea Agreement") are accepted on behalf of the Bank, subject to the conditions identified to its legal counsel;
2. Each of the Chairman, the Chief Executive, the Chief Financial Officer, the General Counsel and Mr. Esposito (Authorised Signatory of the Bank and the General Counsel, Americas) is hereby authorised, empowered and directed, on behalf of the Bank, to execute the Plea Agreement, together with such changes as any of them may approve;
3. Each of the Chairman, the Chief Executive, the Chief Financial Officer, the General Counsel and Mr. Esposito, are hereby authorised, empowered and directed, in the name and on behalf of the Bank, to

take any actions as may be necessary or appropriate and to approve the forms, terms, provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

4. The terms of the draft RNS announcement circulated in advance of the meeting be and are hereby approved subject to any non-material changes to be approved by the General Counsel or Mr Esposito.

I confirm the above resolutions were passed by the FX Committee of the Board of Directors of The Royal Bank of Scotland plc on 19 May 2015.



Aileen Taylor
Chief Governance Officer and Board Counsel