



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

07-77 (JC)
Eckman

DIVISION OF
MARKET REGULATION

July 23, 2007

William P. Rogers, Jr.
Philip J. Boeckman
Cravath, Swaine & Moore LLP
City Point
One Ropemaker Street
London EC2Y 9HR
United Kingdom

**Re: Banco Santander Central Hispano, S.A.
File No. TP 07-77**

Dear Messrs. Rogers and Boeckman:

In your letter dated July 20, 2007, as supplemented by conversations with the staff, you request on behalf of the Banco Santander Central Hispano, S.A., a bank organized under the laws of the Kingdom of Spain ("Santander"), an exemption from Rule 102 of Regulation M under the Securities Exchange Act of 1934 ("Exchange Act") in connection with the exchange offer ("Offer") being conducted by Santander, The Royal Bank of Scotland plc, a public limited company organized under the laws of the United Kingdom and registered in Scotland ("RBS"), Fortis SA/NV, a company incorporated in Belgium, and Fortis N.V., a public limited liability company incorporated in the Netherlands (together "Fortis" and, together with RBS and Santander, the "Consortium") to acquire all of the outstanding shares of ABN AMRO Holding NV, a public limited liability company incorporated in the Netherlands ("ABN AMRO").

You seek an exemption to permit Santander and its affiliates to conduct specified transactions outside the United States in RBS Ordinary Shares during the distribution of RBS Ordinary Shares to the shareholders of ABN AMRO. Specifically, you request that: (i) the Derivatives Market Maker be permitted to continue to engage in derivatives market-making and hedging activities as described in your letter; (ii) the Asset Managers be permitted to continue to engage in asset management activities as described in your letter; (iii) the Insurance Company be permitted to continue to engage in insurance activities as described in your letter; and (iv) the Brokerage Units be permitted to continue to engage in unsolicited brokerage activities as described in your letter.

You also seek an exemption to permit certain Santander affiliates to conduct specified transactions in the United States in RBS Ordinary Shares during the distribution of RBS Ordinary Shares to the Shareholders of ABN AMRO. Specifically, you request that Santander Investment Securities, Banesto Securities, and ANSI be permitted to

continue to engage in unsolicited brokerage activities as described in your letter. We have attached a copy of your correspondence to avoid reciting the facts set forth therein. Unless otherwise noted, each defined term in our response has the same meaning as defined in your letter.

Response:

Based on the facts and representations that you have made in your letter, but without necessarily concurring with your analysis, the Commission hereby grants Santander an exemption from Rule 102 of Regulation M to permit the Derivatives Market Maker, the Asset Managers, the Insurance Company, the Brokerage Units, Santander Investment Securities, Banesto Securities, and ANSI (collectively, the "Companies") to continue to engage in the transactions described in your letter. In particular, in your correspondence you make the following key representations:

- During the year ended December 31, 2006, the average daily trading volume ("ADTV") of RBS Ordinary Shares in the United Kingdom was approximately 42,287,966 shares, with a value of £421.4 million (approximately \$825.6 million) and RBS's market capitalization at December 31, 2006 was £62.8 billion (\$123.0 billion), with RBS Ordinary Shares comprising 3.78% of the FTSE 100 index;
- The ADTV value for RBS Ordinary Shares was £376.7 million (approximately \$754.9 million) for the two-month period ended June 30, 2007, and the public float value for RBS Ordinary Shares was £59.9 billion (approximately \$120.0 billion) as of June 30, 2007;
- The principal trading market for RBS Ordinary Shares is the United Kingdom and trading on the LSE accounted for approximately 99.7% of the worldwide average trading volume in RBS Ordinary Shares during 2006;
- The number of RBS Ordinary Shares to be delivered to ABN AMRO shareholders in the Offer will represent approximately 5.9% of the RBS Ordinary Shares currently outstanding;
- Santander maintains and enforces written "Chinese Wall" policies and procedures to prevent material non-public information from passing between the sales/trading areas and other sensitive areas of Santander, including any investment oversight committees;
- The Derivatives Market Maker conducts its derivatives market making and hedging activities outside the United States and, during 2006, the derivatives market making and hedging activities of the Derivatives Market Maker accounted for approximately 0.0% of the ADTV in RBS Ordinary Shares on the LSE;

- Each of the Asset Managers conduct their investment management activities outside the United States;
- The Insurance Company sells insurance products and conducts activities in connection with investment selections made by purchasers of such insurance products outside the United States;
- Each of the Brokerage Units conducts its unsolicited brokerage activities outside the United States and, during 2006, the unsolicited brokerage activities of the Brokerage Unit accounted for approximately 0.04% of the ADTV in RBS Ordinary Shares on the LSE;
- The withdrawal of a significant market maker in derivatives on RBS Ordinary Shares in the primary market for those shares for an extended period of time would have harmful effects in the home market and, indirectly, in the US market, for RBS Ordinary Shares, including a significant imbalance of buy and sell orders, which could cause greater volatility and reduced liquidity;
- Each of the Derivatives Market Maker, the Asset Managers, the Insurance Company, and the Brokerage Units has confirmed that the activities for which it is requesting relief will be conducted in the ordinary course of its businesses and in accordance with applicable Dutch law and its interpretation by the AFM in relation to the Offer, the Laws of the United Kingdom and other non-US laws;
- In the United States, Santander conducts a securities business through Santander Investment Securities, Banesto Securities, and ANSI, each a separate subsidiary that is registered with the Commission as a broker-dealer and is a member of the NASD, and Santander Investment Securities and ANSI are also members of the NYSE; and
- Santander Investment Securities, Banesto Securities, and ANSI will not engage in derivatives market marking and hedging, asset management and insurance, but rather will only engage in unsolicited brokerage activities in the normal course of its business with its customers.

The exemption is subject to the following conditions:

1. None of the transactions of the Companies described in your letter shall occur in the United States, with the exception of the unsolicited brokerage activities of Santander Investment Securities, Banesto Securities, and ANSI described in your letter;

2. All of the transactions described in your letter shall be effected in the ordinary course of business and not for the purpose of facilitating the Offer;
3. The Offer documents distributed to US holders will disclose the possibility of, or the intention to make, the transactions described in your letter;
4. Santander and each of the Companies will provide to the Division of Market Regulation ("Division"), upon request, a time-sequenced schedule of all such transactions made during the Restricted Period. Such schedule will include:
 - (a) size, broker (if any), time of execution, and price of the transactions;
 - (b) the exchange, quotation system, or other facility through which the transactions occurred, and
 - (c) whether the transactions were made for a customer account of a proprietary account;
5. Upon request of the Division, Santander and each of the Companies will transmit the information requested in item 4 (above) to the Division at its offices in Washington DC within 30 days of its request;
6. Santander and each of the Companies shall retain all documents and other information required to be maintained pursuant to this exemption for at least two years following the completion of the Offer;
7. Representatives of Santander and each of the Companies shall be made available (in person at the offices of the Commission in Washington, DC or by telephone) to respond to inquiries of the Division relating to their records; and
8. Except as otherwise exempted by this letter, Santander and each of the Companies will comply with Regulation M.

The foregoing exemption from Rule 102 of Regulation M is based solely on your representations and the facts presented to the staff and is strictly limited to the application of this rule to the proposed transactions. Such transactions should be discontinued, pending presentation of the facts for our consideration, in the event that any material change occurs with respect to any of those facts or representations.

In addition, your attention is directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, including Sections 9(a) and 10(b), and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the participants in the various transactions.

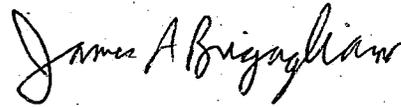
Messrs. Rogers and Boeckman

July 23, 2007

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The Division expresses no view with respect to any other questions that the proposed transactions may raise, including, but not limited to, the adequacy of disclosure concerning, and the applicability of any other federal or state laws to, the proposed transactions.

For the Commission,
by the Division of Market Regulation,
pursuant to delegated authority,

A handwritten signature in black ink, reading "James A. Brigagliano". The signature is written in a cursive, flowing style.

James A. Brigagliano
Associate Director

Attachment

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July 20, 2007

DIVISION OF MARKET REGULATION

Banco Santander Central Hispano, S.A.
Request for Exemptive Relief from Rule 102 of Regulation M

Dear Mr. Brigagliano:

We are writing on behalf of our client, Banco Santander Central Hispano, S.A., a bank organized under the laws of the Kingdom of Spain ("Santander"), with respect to the application of Regulation M to transactions by Santander and its affiliates in the ordinary shares (the "RBS Ordinary Shares"), of The Royal Bank of Scotland plc, a public limited company organized under the laws of the United Kingdom and registered in Scotland ("RBS"), in connection with a proposed mixed cash and exchange offer (the "Offer") by Santander, RBS and Fortis SA/NV, a company incorporated in Belgium, and Fortis N.V., a public limited liability company incorporated in the Netherlands (together, "Fortis" and, together with Santander and RBS, the "Consortium"), to acquire all of the outstanding ordinary shares of ABN AMRO Holding N.V., a public limited liability company incorporated in the Netherlands ("ABN AMRO").

Specifically, on behalf of Santander, we ask the members of the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") to grant Santander exemptive relief from Rule 102 of Regulation M to permit Santander and its affiliates to continue, in the ordinary course of their respective businesses as described below and in accordance with applicable local law, to engage in the following activities during the Offer:

- Derivatives Market Making and Hedging: As part of its business, the Treasury department of Santander (the "Derivatives Market Maker") issues, buys and sells derivatives on RBS Ordinary Shares or on baskets or indices including RBS Ordinary Shares for its own account and for the accounts of its customers on the London Stock Exchange (the "LSE"), other overseas exchanges and in the over-the-counter market in the United

Kingdom and elsewhere outside the United States. These derivatives include listed and over-the-counter options, warrants, convertible securities and other structured products relating to RBS Ordinary Shares or to baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing. The Derivatives Market Maker engages in derivatives market making activities, on both solicited and unsolicited bases, in order to provide liquidity to the derivatives market and to facilitate customers' derivatives transactions. In addition, the Derivatives Market Maker solicits and effects trades in RBS Ordinary Shares or in derivatives, including listed and over-the-counter options, warrants, convertible securities and other structured products relating to RBS Ordinary Shares or baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing, for its own account and for the accounts of its customers for the purpose of hedging positions (or adjusting or liquidating existing hedge positions) belonging to it and its customers that are established in connection with these derivatives market making activities. These hedging transactions are effected on the LSE and in the over-the-counter market in the United Kingdom (and, in some cases, elsewhere outside the United States). These hedging purchases and sales of RBS Ordinary Shares amounted to less than 1% of the average daily trading volume (the "ADTV") in RBS Ordinary Shares during 2006.

Trading in RBS Ordinary Shares by the Asset Managers: Certain affiliates of Santander manage the assets of certain mutual funds, pension funds and investor portfolios (such affiliates, the "Asset Managers"; such funds and investor portfolios, the "Managed Funds").¹ As part of their ordinary

¹ The Asset Managers consist of Banif Gestión, S.A., S.G.I.I.C., Banesto Banca Privada Gestión, S.A., S.G.I.I.C., Santander Carteras, S.G.C., S.A., Santander Asset Management, S.A., S.G.I.I.C. and Santander Pensiones, S.A., E.G.F.P., each a corporation organized under the laws of Spain (collectively, the "Spanish Asset Managers"), Santander Rio Asset Management Gerente de Fondos Comunes de Inversión SA., Orígenes AFJP, S.A., Orígenes Seguros de Retiro, S.A. and Internacional Seguros de Vida, SA, each a corporation organized under the laws of Argentina, Santander Banespa Asset Management DTVM, Ltda., a corporation organized under the laws of Brazil, Integritas (Canada) Trustee Corporation Ltd., a corporation organized under the laws of Canada, Santander Santiago, S.A., Administradora General de Fondos, AFP Bansander, S.A. and Santander Asset Management Chile S.A., each a corporation organized under the laws of Chile, Santander Investment Trust Colombia S.A., Sociedad Fiduciaria and Administradora de Fondos de Pensiones y Cesantías Santander, S.A., each a corporation organized under the laws of Colombia, Santander Asset Management Ireland, Ltd., a corporation organized under the laws of Ireland, Cater Allen Trust Company (Jersey) Limited and Sandywick Limited, each a corporation organized under the laws of Jersey, Santander Asset Management Luxembourg, S.A., a corporation organized under the laws of Luxembourg, Gestión Santander, S.A. de C.V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Santander and Afore Santander, S.A. de C.V., each a corporation organized under the laws of Mexico, Integritas New Zealand Ltd., a corporation organized under the laws of New Zealand, Santander Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. and Santander Pensões - Sociedade Gestora de Fundos de Pensões, S.A., each a corporation organized under the laws of Portugal, Santander Asset Management Corporation, a corporation organized under the laws of Puerto Rico, Integritas Trust, S.A., a corporation organized under the laws

investment management activities on behalf of the Managed Funds, the Asset Managers buy and sell RBS Ordinary Shares and derivatives, including listed and over-the-counter options, warrants, convertible securities and other structured products relating to RBS Ordinary Shares or baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing, for the Managed Funds' accounts.

- Trading by the Insurance Company: As part of its ordinary business, Santander Seguros y Reaseguros, S.A., an affiliate of Santander incorporated in Spain (the "Insurance Company"), sells certain insurance products requiring the insurer to invest the premiums paid by the purchaser of the policies within certain asset classes determined by that purchaser (such as shares represented in the FTSE 100 Index, which includes RBS Ordinary Shares) (such products, the "Asset Class Policies"). The Insurance Company does not provide any investment advice to purchasers with respect to the asset classes that may be selected by the customer as part of the Asset Class Policies.
- Unsolicited Brokerage: The Brokerage Units² effect unsolicited brokerage transactions in RBS Ordinary Shares by placing orders on the LSE and other overseas exchanges or effecting trades in over-the-counter markets

of Switzerland, Abbey National Asset Managers Limited, Abbey National PEP & ISA Managers Limited, Abbey National Unit Trust Managers Limited, Abbey National Funded Unapproved Retirement Benefits Scheme Trustees Limited, Abbey National Group Pension Schemes Trustees Limited, Abbey National Personal Pensions Trustee Limited, Abbey National Secretariat Services Limited, Abbey National Wrap Managers Ltd., Cater Allen Pensions Limited, Duncan Lawrie Pension Consultants Limited, James Hay Administration Company Limited, James Hay Pension Trustees Ltd., Sarum Trustees Limited, The National & Provincial Building Society Pension Fund Trustees Limited and Inscape Investments Limited, each a corporation organized under the laws of the United Kingdom, and Afinidad AFAP, S.A., a corporation organized under the laws of Uruguay.

² The Brokerage Units consist of Santander Investment Bolsa, S.V., S.A. and Banesto Bolsa, S.A., Sociedad de Valores y Bolsa, each a corporation organized under the laws of Spain, Santander Sociedad de Bolsa, S.A., a corporation organized under the laws of Argentina, Santander Investment Limited, a corporation organized under the laws of Bahamas, Banespa, S.A. Corretora de Cambio e Títulos, Santander Brasil S.A., Corretora de Cambio e Valores Mobiliarios, Santander Distribuidora de Títulos e Valores Mobiliarios Ltda. and Norchem Participações e Consultoria, S.A., each a corporation organized under the laws of Brazil, Santander Investment Valores Colombia, S.A., Comisionista de Bolsa Comercial, a corporation organized under the laws of Colombia, Santander Investment, S.A. Corredores de Bolsa and Santander, S.A. Agente de Valores, each a corporation organized under the laws of Chile, Abbey National (Gibraltar) Limited, a corporation organized under the laws of Gibraltar, Casa de Bolsa Santander, S.A. de C.V., Grupo Financiero Santander and Efectividad en Medios de Pago, S.A. de C.V., each a corporation organized under the laws of Mexico, Marylebone Road CBO 3, BV, a corporation organized under the laws of The Netherlands, Banco Santander de Negocios Portugal, S.A., a corporation organized under the laws of Portugal, Santander Securities Corporation, a corporation organized under the laws of Puerto Rico, Abbey National Property Investments, Abbey Stockbrokers (Nominees) Limited, Abbey Stockbrokers Limited and Cater Allen International Limited, each a corporation organized under the laws of the United Kingdom, and Valores Santander Casa de Bolsa, C.A., a corporation organized under the laws of Venezuela.

in the United Kingdom and elsewhere outside the United States. These transactions arise from unsolicited buy or sell orders received by the Brokerage Units from their customers, although the Brokerage Units may solicit the other side of these transactions. Additionally, Santander conducts a securities business through its affiliated US broker-dealers, Santander Investment Securities, Inc., a corporation incorporated under the laws of the state of Delaware (“Santander Investment Securities”), Banesto Securities, Inc., a corporation incorporated under the laws of the state of Delaware (“Banesto Securities”) and Abbey National Securities Inc., a corporation incorporated under the laws of the state of Delaware (“ANSI”), each of which may engage in unsolicited brokerage transactions in the RBS Ordinary Shares with its customers in the United States. These transactions would be effected in the over-the-counter markets in the United States or in the non-US markets described above. The unsolicited brokerage activities of the Brokerage Units as a percentage of ADTV in RBS Ordinary Shares have historically been low.

The Derivatives Market Maker, the Asset Managers, the Insurance Company, the Brokerage Units, Santander Investment Securities, Banesto Securities and ANSI are collectively referred to herein as the “Companies”.

The availability of the exemptions Santander is requesting would be conditioned on the disclosure and record-keeping undertakings outlined below.

We are acting as US counsel to Santander. Santander has provided and authorized us to make on its behalf the factual representations set forth in this letter. The statements contained in this letter with respect to Dutch regulation have been reviewed by De Brauw Blackstone Westbroek N.V., Dutch counsel to Santander. The statements contained in this letter with respect to UK regulation have been reviewed by Slaughter and May, UK counsel to Santander.

1. The Market for RBS Ordinary Shares

The principal trading market for the RBS Ordinary Shares is the United Kingdom. The RBS Ordinary Shares are listed on the LSE and in connection with the Offer RBS will apply to list the RBS Ordinary Shares on Euronext Amsterdam and American Depositary Shares (“ADSs”) in respect of RBS Ordinary Shares (“RBS ADSs”) on the New York Stock Exchange (the “NYSE”). There is no current US trading market for RBS Ordinary Shares or RBS ADSs. RBS is a foreign private issuer as defined in Rule 3b-4(c) under the Exchange Act.

As of December 31, 2006, 3,152,844,335 RBS Ordinary Shares were outstanding³, held by 174,809 record holders in the United Kingdom. Approximately

³ RBS effected a bonus issue of two new RBS Ordinary Shares with respect to each outstanding RBS Ordinary Share as of May 8, 2007, which accounts for the significant difference between the numbers of RBS Ordinary Shares outstanding as of June 30, 2007 as compared to December 31, 2006.

0.74% of RBS's outstanding Ordinary Shares were held of record by non-residents of the United Kingdom. Based on public filings as of December 31, 2006, 1,244 record holders with registered addresses in the United States held 0.08% of RBS's outstanding Ordinary Shares.

As of June 30, 2007, 9,456,448,005 RBS Ordinary Shares were outstanding, held by 175,622 record holders in the United Kingdom. Approximately 1.32% of RBS's outstanding Ordinary Shares were held of record by non-residents of the United Kingdom. Based on public filings as of June 30, 2007, 1,291 record holders with registered addresses in the United States held 0.08% of RBS's outstanding Ordinary Shares. Assuming the maximum number of ABN AMRO Shares (as defined below) subject to the Offer is tendered, 556,143,700 RBS Ordinary Shares would be issued in the Offer, amounting to approximately 5.9% of the RBS Ordinary Shares outstanding prior to the Offer.

RBS's market capitalization at December 31, 2006 was £62.8 billion (\$123.0 billion).⁴ The LSE accounted for approximately 99.7% of the worldwide average trading volume in the RBS Ordinary Shares during 2006. During the year ended December 31, 2006, the ADTV of RBS Ordinary Shares in the United Kingdom was approximately 42,287,966 shares, with a value of £421.4 million (approximately \$825.6 million).

The ADTV value for RBS Ordinary Shares was £376.7 million (approximately \$754.9 million) for the two-month period ended June 30, 2007, and the public float value for RBS Ordinary Shares was £59.9 billion (approximately \$120.0 billion) as of June 30, 2007.⁵

The LSE provides for trading in equities and bonds principally through three main trading platforms: (i) the Stock Exchange Electronic Trading System ("SETS"), (ii) SETS Market Maker ("SETSm") and (iii) the Stock Exchange Automated Quotation ("SEAQ"). SETS is the central limit order book that directly matches willing buyers and sellers on a price/time priority basis, creating efficiencies in the markets by eliminating the need for a wholesaler. As an electronic order book, SETS can execute hundreds of trades in one second. Securities traded on SETS include the FTSE 100 and the most liquid FTSE UK AIM50 securities. SETSm is the LSE's trading service for Mid Cap, Small Cap and FTSE UK AIM50 securities. SEAQ is the LSE's service for less liquid securities and most AIM securities.

⁴ Throughout this letter, pounds sterling have been translated to dollars at the rate of £1.00 = \$1.95910, the noon buying rate in New York City published by the Federal Reserve Bank of New York on December 31, 2006, with regard to data as of or for periods ended December 31, 2006.

⁵ Throughout this letter, pounds sterling have been translated to dollars at the rate of £1.00 = \$2.00390, the noon buying rate in New York City published by the Federal Reserve Bank of New York on June 30, 2007, with regard to data as of or for periods ended June 30, 2007.

As of June 30, 2007, the market capitalization of UK and international companies on the LSE's markets amounted to £4.8 trillion (or approximately \$9.6 trillion), with £7.9 trillion (or approximately \$15.8 trillion) of equity business transacted over the prior 12-month period. As of June 30, 2007, there were 3,273 listed companies on the LSE. The primary market index is the FTSE 100, which currently is comprised of 100 of the most prominent companies listed on the LSE, including RBS.

The RBS Ordinary Shares are a significant component of the FTSE 100. The RBS Ordinary Shares comprised 3.70% of the FTSE 100 as of June 30, 2007.

2. Santander's Market Activities

Santander is one of the world's largest banking and financial services groups with its headquarters in Madrid, Spain. In addition, Santander has subsidiary, branch, representative and similar offices worldwide. Santander is regulated and licensed under the Bank of Spain in Spain, and its branches and affiliates in the United States are subject to applicable US bank regulations, among other laws and regulations. Santander has confirmed that the activities described below, for which it is requesting relief, are permitted under and would be conducted in accordance with applicable Spanish law in relation to the Offer and other non-US laws.

In the United States, Santander conducts a securities business through Santander Investment Securities, Banesto Securities and ANSI. Santander Investment Securities and ANSI are registered with the SEC as broker-dealers and are members of the National Association of Securities Dealers, Inc. and the NYSE. Banesto Securities is registered with the SEC as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. Santander Investment Securities, Banesto Securities and ANSI will not engage in the activities for which Santander is seeking relief (other than unsolicited brokerage); rather, these activities (including unsolicited brokerage) will only be conducted by Santander outside the United States as described below, with the possible exception of trades made by the Spanish Asset Managers, which cannot receive instructions from Santander or by the Asset Managers not based in Spain, which may not be able to follow the instructions to be provided by Santander.

Each of the Derivatives Market Maker, the Asset Managers, the Insurance Company and the Brokerage Units has confirmed that the activities for which it is requesting relief will be conducted in the ordinary course of its business and in accordance with applicable Dutch law, the law of the United Kingdom and other non-US laws.

Derivatives Market Making and Hedging. The Derivatives Market Maker conducts its derivatives market making and hedging activities outside the United States and manages these activities principally from Spain, the United Kingdom and Luxemburg. In Spain, the Derivatives Market Maker is admitted under the MEFF Rent Variable rules as market maker and is a significant market maker in derivatives of RBS Ordinary Shares. The Derivatives Market Maker is also the only market maker on the Spanish and Luxemburg exchanges of securitized derivatives issued by it and based, in

whole or in part, on the RBS Ordinary Shares and the Derivatives Market Maker is required by applicable stock exchange rules to provide quotes for such derivatives it issues. This activity involves the issuance, purchase and sale of derivative products for its own account and for the accounts of their customers, on both solicited and unsolicited bases, on the Spanish, United Kingdom and Luxemburg exchanges, certain other overseas exchanges and in the over-the-counter market in Spain and elsewhere outside the United States. These derivatives products include listed and over-the-counter options, warrants and other securities that are exercisable or convertible into, or the value of which is determined by reference to, RBS Ordinary Shares or proprietary or third-party baskets or indices including RBS Ordinary Shares. These derivatives may also include index futures on the foregoing. The Derivatives Market Maker's derivatives market making involves issuing, purchasing and selling derivatives on RBS Ordinary Shares in order to facilitate customer orders and to provide liquidity to the market.

In addition, as a result of its derivatives market making, the Derivatives Market Maker will maintain varying positions in these derivatives and its financial exposure to movements in the price of the RBS Ordinary Shares will vary from time to time. In order to manage this financial exposure, the Derivatives Market Maker continually enter into hedging transactions that involve, in whole or in part, purchases and sales of RBS Ordinary Shares or of derivatives based on the underlying shares of RBS, for its own account and on behalf of its customers in order to assist them in hedging their own derivatives positions. The derivatives hedging transactions in RBS Ordinary Shares described above occur primarily on the MEFF Rent Variable, with the balance occurring on other exchanges outside the United States, in the over-the-counter market in the United Kingdom and, in some cases, in the over-the-counter market elsewhere outside the United States. During 2006, these derivatives market making and hedging transactions represented approximately 0.0% of the ADTV in RBS Ordinary Shares on the LSE.

Trading in RBS Ordinary Shares by the Asset Managers. As part of their ordinary investment management activities, the Asset Managers buy and sell RBS Ordinary Shares and derivatives, including listed and over-the-counter options, warrants, convertible securities and other structured products related to RBS Ordinary Shares or baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing, outside the United States for the Managed Funds' accounts. Under Spanish law, the Asset Managers have a fiduciary duty to oversee the Managed Funds in a manner that is in the best interests of the investors of those funds.⁶ The Asset Managers are

⁶ Under Spanish law, Santander cannot issue directives to the Spanish Asset Managers requesting them to stop trading in any specific security for a specified period. This has been confirmed in the past by the Spanish National Markets Commission (the "CNMV"). As a result, prior to the commencement of the Restricted Period, Santander will instead issue advisory notices to the Spanish Asset Managers informing them that any trading by them in RBS Ordinary Shares or derivatives during the Restricted Period could result in a violation of US law. Prior to the commencement of the Restricted Period, Santander will issue directives to the Asset Managers not based in Spain requesting such Asset Managers to stop trading in RBS Ordinary Shares or derivatives until the termination of the Restricted Period. However, in light of the fiduciary duties that the Asset Managers have to the beneficiaries of

prohibited by law from taking into account any factors other than the interests of the Managed Funds' beneficiaries in making investment decisions. Accordingly, the Asset Managers would be prohibited by law from following a directive by Santander to cease trading RBS Ordinary Shares and derivatives, including listed and over-the-counter options, warrants, convertible securities and other structured products related to RBS Ordinary Shares or baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing, during the Restricted Period (as defined below), unless the Asset Managers believed that cessation of such trading was in the best interests of the Managed Funds of Santander's beneficiaries.⁷ Similarly, the Asset Managers would be prohibited by law from following a Santander directive to bid for or purchase RBS Ordinary Shares and derivatives, including listed and over-the-counter options, warrants, convertible securities and other structured products related to RBS Ordinary Shares or baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing, unless the Asset Managers independently concluded that such bids or purchases were in the best interests of the Managed Funds of Santander's beneficiaries.

Trading by the Insurance Company. The Insurance Company purchases RBS Ordinary Shares in connection with investing premiums paid on Asset Class Policies, which require investments within a narrow class of assets, such as the FTSE 100 Index, that may include RBS Ordinary Shares. The Insurance Company conducts these activities outside the United States.

Under Spanish law, the Insurance Company has a fiduciary duty to the purchasers of Asset Class Policies to oversee the investments with respect to those policies in a manner that is in the best interests of those purchasers. The Insurance Company may not take into account any factors other than the interests of its insureds in making investment decisions under those policies. Accordingly, the Insurance Company would be prohibited by law from following, with respect to the Asset Class Policies, a

the Managed Funds, no assurances can be given that the Asset Managers will in fact refrain from trading in RBS Ordinary Shares or derivatives during the Restricted Period. Accordingly, we are asking that the requested relief cover the asset management activities of the Asset Managers to the extent that the Asset Managers continue to trade in RBS Ordinary Shares or derivatives in the ordinary course of business during the Restricted Period.

⁷ Some of the pension funds managed by the Asset Managers have an "investment oversight committee" charged with overseeing the investments made by the Asset Managers. In certain cases, representatives and/or employees of Santander or its affiliates may be members of those investment oversight committees. However, those committees (and their members) would be unable to require the pension fund Asset Manager to stop or start trading RBS Ordinary Shares or derivatives during the Restricted Period if the Asset Manager did not believe it was in the best interests of the fund's owners to do so. The representatives and/or employees of Santander who participate on the investment oversight committees are, like the Asset Managers themselves, isolated by Chinese Walls from the areas of Santander where price-sensitive information relating to RBS Ordinary Shares or derivatives and where information relating to the Offer would be discussed. In the case of one pension fund (Previfuturo) managed by an Asset Manager, two members of such pension fund's investment oversight committee are not separated by a Chinese Wall from the areas of Santander where information relating to the Offer may be discussed. These two persons have agreed to resign from the relevant investment oversight committee on Thursday July 19, 2007.

directive by Santander to cease trading RBS Ordinary Shares during the Restricted Period, unless such a halt in trading were in the best interests of the purchasers of those policies. Similarly, the Insurance Company would be prohibited by law from following a Santander directive to bid for or purchase RBS Ordinary Shares unless the Insurance Company independently concluded that such bids or purchases were in the best interests of its insureds under the Asset Class Policies.

Unsolicited Brokerage. The Brokerage Units effect unsolicited brokerage transactions in the RBS Ordinary Shares by placing orders on the Madrid and other overseas exchanges or effecting trades in the over-the-counter market in Spain and elsewhere outside the United States, in each case on behalf of customers. These transactions arise from unsolicited buy and sell orders received from their customers, although the Brokerage Units may solicit the other side of these transactions. The unsolicited brokerage activities of the Brokerage Units represented approximately 0.04% of the ADTV in RBS Ordinary Shares on the LSE during 2006.

Although the Brokerage Units from time to time provide advice to their customers regarding an investment in RBS Ordinary Shares, none of the Brokerage Units, Santander or any subsidiary of Santander publishes research reports concerning RBS. Furthermore, the Brokerage Units' personnel have been instructed not to make any investment recommendations to their customers with respect to either RBS Ordinary Shares or ABN AMRO Shares during the Restricted Period.

As of June 30, 2007, 0.121% of RBS Ordinary Shares were held by customers of Santander and its affiliates in securities accounts at Santander and its affiliates outside the United States. It would place a substantial burden on the Brokerage Units' customers to require them to transfer their RBS Ordinary Shares to a securities account with another bank, or to have the Brokerage Units place orders with another bank, in order to make trades with respect to RBS Ordinary Shares during the Restricted Period. Moreover, the Brokerage Units would likely lose a significant number of those customers if the Brokerage Units were prevented from providing them with customary facilitation services during the Restricted Period.

As noted above, Santander Investment Securities, Banesto Securities and ANSI may also engage in unsolicited brokerage transactions in the RBS Ordinary Shares with its customers in the United States. These transactions would be effected in the over-the-counter markets in the United States or in the non-US markets described above. The personnel of Santander Investment Securities, Banesto Securities and ANSI have been instructed not to make any investment recommendations to their customers with respect to either RBS Ordinary Shares or ABN AMRO Shares during the Restricted Period.

Santander maintains and enforces written "Chinese Wall" policies and procedures to prevent material non-public information from passing between the sales/trading areas and other sensitive areas of Santander. Accordingly, during restricted periods prior to announcements of earnings results or other material developments that have not yet become public, all market making and other ordinary course market activities of Santander are permitted to continue. Under these policies and procedures,

Santander's traders and sales force who conduct these market activities will generally be able to continue doing so during and outside these restricted periods, although senior management may restrict such activities in extraordinary circumstances. Santander will continue to maintain and enforce these policies and procedures during the Offer.

Other affiliates of Santander conduct market activities in RBS Ordinary Shares in the ordinary course of their business. In connection with the Offer, these other affiliates will comply with Regulation M, either by suspending their market activities during the relevant period or by conducting those activities in accordance with an available exception from Regulation M. These exceptions might include those available for "affiliated purchasers". Accordingly, Santander is not seeking relief from the Staff for these activities.

3. The Offer

The proposed offer would comprise an offer for all the outstanding ordinary shares, nominal value of €0.56 per share, of ABN AMRO ("ABN AMRO Ordinary Shares") and ADSs, each representing one ABN AMRO Ordinary Share, of ABN AMRO ("ABN AMRO ADSs" and, together with the ABN AMRO Ordinary Shares and any securities that are immediately convertible into, exchangeable for, or exercisable for the ABN AMRO Ordinary Shares, "ABN AMRO Shares").

In the proposed offer, ABN AMRO shareholders would have the right to exchange each of their ABN AMRO Shares for (i) €35.60 in cash and (ii) 0.296 newly issued RBS Ordinary Shares. The amount of consideration to be offered in the Offer is based on a fixed exchange ratio and is not subject to change based on fluctuations in the price of RBS Ordinary Shares on the LSE or the ABN AMRO Ordinary Shares on Euronext Amsterdam. Prior to completion of the proposed offer, RBS intends to establish an American Depositary Receipt facility in the United States in which former holders of ABN AMRO Shares who received RBS Ordinary Shares in the proposed offer would be able to deposit their RBS Ordinary Shares in exchange for RBS ADSs. It is expected that an application would be made to list the RBS ADSs on the NYSE.

The RBS Ordinary Shares to be delivered in the Offer will be registered under the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"), pursuant to a registration statement on Form F-4 and, assuming the maximum number of ABN AMRO Shares subject to the Offer is tendered, 556,143,700 RBS Ordinary Shares would be issued globally in the Offer, of which 85,108,032 RBS Ordinary Shares would be issued in the United States, amounting to approximately 5.9% and 0.9%, respectively, of the RBS Ordinary Shares outstanding prior to the Offer.

The proposed offer is expected to comprise:

- a US offer made pursuant to the US Offer Document (the "US Offer Document") to all holders of ABN AMRO Ordinary Shares who are

located in the United States and to all holders of ABN AMRO ADSs, wherever located (the "US Offer"); and

- a Dutch offer made pursuant to the Dutch Offer Document (the "Dutch Offer Document" and, together with the US Offer Document, the "Offer Document") to all holders of ABN AMRO Ordinary Shares who are located in the Netherlands and to all holders of ABN AMRO Ordinary Shares who are located outside of the Netherlands and the United States, if, pursuant to the local laws and regulations applicable to such holders, they are permitted to participate in such offer (the "Dutch Offer").

The Dutch Offer would be structured to comply with the applicable requirements of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "DFSA"), the Dutch Securities Market Supervision Act (*Wet toezicht effectenverkeer 1995*), the Dutch Securities Market Supervision Decree (*Besluit toezicht effectenverkeer 1995*) (the "SMSD") and the relevant regulations promulgated thereunder (collectively, the "Dutch Takeover Regulations"), which govern tender offers in the Netherlands, as well as applicable rules and regulations of the Dutch Securities regulator, Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM"). The US Offer would be structured to comply with the applicable requirements of Sections 14(d) and 14(e) of the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act") as well as the applicable provisions of the Securities Act, except to the extent of any exemptions therefrom granted by the Staff. Santander expects that the US Offer would be a "Tier II" offer. The US Offer would, to the extent applicable, also be governed by the Dutch Takeover Regulations as well as applicable rules and regulations of the AFM. The Offer would be made in the relevant jurisdictions pursuant to the Offer Document published on or shortly after the date the Offer is formally commenced.

4. Application of Regulation M

In connection with the US Offer, the Consortium, through its special purpose bid vehicle RFS Holdings B.V., will offer US investors the ability to exchange their ABN AMRO Shares for cash and RBS Ordinary Shares. As a result, Santander will be considered to be engaged in a distribution in the United States for purposes of Regulation M. Pursuant to Rule 100 under Regulation M, the restricted period for the US Offer (the "Restricted Period") will commence on the day the Consortium's Offer Document is first disseminated to US holders of ABN AMRO Shares and end upon expiration of the acceptance period for the US Offer, which on the current timetable is not expected to be until at least mid-October 2007. Accordingly, the Restricted Period for the US Offer will last for a minimum of 20 US business days but will likely be substantially longer.

RBS may be considered an "issuer", as defined in Rule 100 of Regulation M. Santander may be considered an "affiliated purchaser" of RBS, as defined in Rule 100 of Regulation M. Therefore, the market activities of Santander may be subject to Rule

102 throughout the Restricted Period. As such, we request relief for the market activities of Santander and its affiliates described in this letter under Rule 102.

Under Rule 102, Santander would not be permitted to bid for or purchase, or attempt to induce any person to bid for or purchase, RBS Ordinary Shares during the Restricted Period, except to the extent that one of the specified exceptions in the rule is available. There are no exceptions available under Rule 102 that would permit Santander and its affiliated purchasers to engage in the derivatives market making and hedging, asset management, insurance and unsolicited brokerage activities described in this letter. Therefore, without the requested exemptive relief, Santander would not be permitted to engage in such activities for an extended period of time, which is expected to last for a number of months.

As the Derivatives Market Maker is a significant market maker in derivatives⁸ on RBS Ordinary Shares issued by Santander, if the Derivatives Market Maker is precluded from conducting market making activities in the derivatives or from effecting hedging transactions in RBS Ordinary Shares relating to the derivatives, the application of Regulation M could have adverse effects on the Derivatives Market Maker's ability to manage hedge positions maintained by it and its customers previously established in connection with this activity. The Asset Managers and the Brokerage Units may also be unable to execute asset-management related or unsolicited brokerage orders submitted by their customers in the normal course, thereby forcing their customers to take their orders elsewhere or to refrain from trading. Similarly, the Asset Managers and the Insurance Company have a fiduciary duty to the investors of the Managed Funds and to the purchasers of their insurance products to oversee the investments in a manner that is in the best interests of those purchasers. Accordingly, the Asset Managers and the Insurance Company may not refrain from, or engage in, trading in RBS Ordinary Shares or, as the case may be, derivatives, including listed and over-the-counter options, warrants, convertible securities and other structured products related to RBS Ordinary Shares or baskets or indices including RBS Ordinary Shares, as well as index futures on the foregoing, as a result of investment instructions received from Santander, unless such action is in the best interests of the purchasers of those policies. The derivatives market making and hedging, asset management, insurance and unsolicited brokerage activities described in this letter are also important aspects of Santander's business as a major financial institution in the United Kingdom and Europe and, therefore, interrupting those activities for such an extended period could also have an adverse impact on Santander's business, including its ability to properly manage its risks.

⁸ Derivatives on RBS Ordinary Shares generally would not be "covered securities" under Rule 100 of Regulation M. See, e.g., Release 34-38067 (Dec. 20, 1996), 62 FR 520, 524. Derivatives market making by affiliates of Santander, however, might, in some cases, be regarded as involving inducements to purchase RBS Ordinary Shares. To avoid uncertainty, the activities covered by this request for exemption include the derivatives market making as well as the derivatives hedging and other activities in RBS Ordinary Shares described in this letter.

The RBS Ordinary Shares would easily qualify as actively traded securities that are exempt under Rule 101(c)(1), with an ADTV in the United Kingdom in the year ended December 31, 2006 of approximately £421.4 million (approximately \$855.3 million) and a public float value significantly in excess of \$150 million. Regulation M normally would not interfere with market activities in actively traded securities, such as the RBS Ordinary Shares. However, because Santander is an affiliated purchaser of the issuer, Santander may not rely on the actively traded securities exception to do what market makers and brokers for large US issuers are normally allowed to do during distributions by those issuers.

In addition, the Offer is being conducted and trading by the business units and affiliates of Santander identified herein in RBS Ordinary Shares during the Offer is subject to and will be conducted in accordance with applicable Dutch law and its interpretations by the AFM in relation to the Offer, the laws of the United Kingdom and other applicable non-US law. As discussed in greater detail below, applicable Dutch law, and its interpretations by the AFM in relation to the Offer, and the laws of the United Kingdom provide important safeguards against the type of risk of abuse that Regulation M was designed to prevent. Furthermore, if the maximum number of shares targeted in the Offer were tendered, the RBS Ordinary Shares expected to be issued pursuant to the Offer globally and in the United States would represent approximately 5.9% and 0.9%, respectively, of the RBS Ordinary Shares outstanding prior to the Offer.

Finally, Santander believes that the risk of market manipulation under the Offer is limited by the "Chinese Wall" procedures and fiduciary duties described above, the fact that the market activities that are the subject of this request for exemptive relief are the ordinary course customer-driven market activities of Santander rather than activities commenced or managed in contemplation of the Offer, and the fact that the jurisdictions in which Santander operates have laws that prohibit market manipulation (as further discussed below).

For the foregoing reasons, Santander asks the Staff to provide an exemption from Regulation M that would allow Santander, through the business units and affiliates identified herein, to continue to engage in derivatives market making and hedging, asset management, insurance and unsolicited brokerage activities with respect to RBS Ordinary Shares in the ordinary course of their respective businesses described above during the Restricted Period, as permitted under market practice and applicable law in its home country.

5. The Dutch Regulatory Market

The following is a general description of certain features of the Dutch regulatory market.

The DFSA contains the regulations that apply to the financial markets and their supervision in the Netherlands. The AFM is the body responsible for regulating behavior on the securities markets in the Netherlands.

The DFSA governs, amongst other things, rules for offering securities, rules for holding a market in financial instruments, rules for disclosure and rules for insider trading and market abuse. Currently, the rules relating to public offers are almost exclusively regulated by the SMSD while the regulation of exemptions for public offers ("Temporary Regulation") is conducted by the Dutch Minister of Finance. Upon the implementation of the act for the implementation of the Thirteenth EU-Directive on mandatory offer rules (*Wet tot invoering van de dertiende richtlijn*) (the "Act"), the rules relating to public offers will be amended and incorporated into a decree regarding public offers (the "Decree") pursuant to the DFSA.⁹

The AFM is responsible for market supervision, monitoring compliance, investigating violations and imposing disciplinary measures. The DFSA considers any violation of the rules on market manipulation and any dissemination of misleading information to be a criminal offense under Dutch law.

Pursuant to Article 5:56 of the DFSA, natural and legal persons¹⁰ are prohibited from using inside information while performing or effecting a transaction:

- (i) in or from the Netherlands or a non-EU Member State in financial instruments admitted to trading on a regulated market, or an unregulated market in financial instruments in the Netherlands, or for which admission to any such trading has been requested;
- (ii) in or from the Netherlands in financial instruments admitted to trading on a regulated market in another EU Member State or admitted to trading on a market in financial instruments established and permitted by the authorities in a non-EU Member State, or in financial instruments for which admission to any such trading has been requested;

⁹ It is expected that this implementation will occur at some point in 2007.

¹⁰ The natural and legal persons referred to include:

- (i) persons who have inside information at their disposal due to the fact that they determine the day-to-day policies or supervise the policies and the general course of events of an issuer to which the inside information relates;
- (ii) persons who have inside information at their disposal due to the fact they have at their disposal a qualifying holding in the issuer that has issued financial instruments as meant in the first subsection under (iii), to which the inside information relates;
- (iii) persons with access to information of a precise nature relating directly or indirectly to an issuer of financial instruments, or to trading in those financial instruments, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the prices of the financial instruments or on the prices of related derivative financial instruments in the normal course of the exercise of their work, profession or duties;
- (iv) persons having inside information at their disposal due to involvement in offenses; and
- (v) any person not belonging to (iv) but is aware, or should reasonably suspect, that it has inside information at its disposal.

(iii) in or from the Netherlands or a non-EU Member State in financial instruments that are not covered under (i) or (ii) above yet determine their value by relying on the financial instruments discussed in (i) or (ii) above; or

(iv) in or from another EU Member State in financial instruments admitted to trading on an unregulated market in financial instruments.

It is also prohibited for these persons to:

(i) perform or effect a transaction or order to trade in financial instruments that give, or are likely to give, false or misleading signals about the offer, demand or price of those financial instruments, unless the party that performed or effected the transaction or order to trade proves that its motive for performing or effecting the transaction or order to trade is justified and that the transaction or order to trade conforms with customary practice in the relevant market;

(ii) perform or effect a transaction or order to trade in financial instruments in order to secure the price of those financial instruments at an artificial level, unless the party that performed or effected the transaction or order to trade proves that its motive for performing or effecting the transaction or order to trade is justified and that the transaction or order to trade conforms with customary practice in the relevant market;

(iii) perform or effect a transaction or order to trade in financial instruments employing deception or contrivance; or

(iv) disseminate information that gives, or is likely to give, false or misleading signals about the offer, demand or price of financial instruments, where the disseminator of such information knows or should reasonably suspect that such information is false or misleading.

Certain exceptions apply to the prohibitions enumerated above.¹¹

¹¹ The exceptions are for:

(i) a monetary policy, an exchange-rate policy or a public debt-management policy;

(ii) a buy-back program as described in Chapter II of Regulation 2273/2003 of the Commission of the European Communities of December 22, 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments (OJ L 336);

(iii) stabilization as described in Chapter III of Regulation 2273/2003 of the Commission of the European Communities of December 22, 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments (OJ L 336);

(iv) granting financial instruments to employees pursuant to an employee plan;

The disclosure rules under the DFSA relate to the disclosure of information by issuers and the notification of shareholdings. The rules on the disclosure of shareholdings are applicable to: (i) issuers of securities, (ii) shareholders and other parties with voting rights with regard to changes in control and share capital interest and (iii) directors and supervisory directors. Changes of 1% or more in the issued share capital of the issuer must be notified by the issuer immediately to the AFM. Furthermore, within eight days of the end of the previous quarter, the issuer must notify the AFM of any additional changes in its issued share capital that were not part of any notification to the AFM during any aforementioned change of 1% or more in the company's issued share capital. An obligation for a shareholder to disclose its interest in an issuer arises if the shareholder is holding a percentage of shares and/or voting rights, directly or indirectly, which reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the total issued and outstanding shares and voting rights of the issuer. A director or supervisory director must notify the AFM immediately of a change in the shares or voting rights in the issuer or affiliated issuers. These disclosures can be found in a public register which is accessible through the website of the AFM.

In addition, pursuant to Clause 9p of the SMSD, the offeror, the executive directors and supervisory directors of the offeror, and the executive directors and supervisory directors of the target company must, at the time of the public announcement of the filing of the offer document, provide a statement to the AFM of the transactions in securities issued by the offeror that have been carried out by them, their spouses or registered partners, their children if they are minors and by legal persons controlled by these persons during the six months preceding the first public announcement regarding the initial offer announcement. Furthermore, the offeror, the executive directors and supervisory directors of the offeror, and the executive and supervisory directors of the target company shall also, at the time of publication of the offer document provide a

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- (v) effecting a transaction that is required in order to be able to fulfill the obligation to transfer shares or depositary receipts;
 - (vi) entering into an agreement in the course of a public offer, pursuant to which a holder of financial instruments commits to tender the financial securities to which the public offer relates to the bidder as long as the amount of financial securities is set out in a written statement to the bidder;
 - (vii) entering into an agreement whereby the holder of the financial instrument commits itself prior to an issuance or replacement of such financial instruments to irrevocably purchase such financial instruments, as long as the amount of financial instruments or the value thereof has been set out in a written declaration to the issuer issuing or replacing such financial instruments;
 - (viii) issuing or obtaining shares or depositary receipts by way of dividend (other than a choice dividend);
 - (ix) despite having inside information only relating to the trading, acting in good faith by an agent in the course of servicing its clients;
 - (x) performing transactions by employees of an issuer who has insider knowledge, *provided that*, the employees performing the transaction only have insider knowledge as far as the trading is concerned; and
 - (xi) any further exceptions that may be provided by Ministerial Decree.

detailed statement to the AFM of the number and type of securities issued by the target company that are held by them, their spouses or registered partners, their children if they are minors and by legal persons controlled by these persons.

6. The Regulatory Market in the United Kingdom

The FSMA contains the main body of rules relating to the financial markets in the United Kingdom. The FSA is an independent body that regulates the financial services industry in the United Kingdom. The FSA is responsible for market supervision and has a powerful enforcement armory, including powers to investigate, publish information, censure, suspend the marketing of securities and, above all, impose unlimited fines on both companies and individuals who have engaged in market abuse or required or encouraged another person to do so. Part VIII of the FSMA gives the FSA power to impose penalties upon any person who has engaged in market abuse or has required or encouraged another person to do so. Behavior caught by the market abuse regime falls into categories such as dealing on the basis of inside information or disseminating misleading information.

Part V of the Criminal Justice Act 1993 prohibits insider dealing. There are three offenses: (i) dealing, (ii) encouraging another person to deal and (iii) disclosing information. These offenses can only be committed by individuals. However, any act on the part of a corporate body will almost inevitably be taken on its behalf by a director, officer or employee. In addition, the offense of encouraging can be committed if the recipient of the encouragement is a corporate body. There are also some general defenses to these offenses such as a reasonable belief that the information had been disclosed widely enough or evidence that the individual would have acted the same even without the information.

However, the principal source of law relating to market manipulation in the United Kingdom is the Market Abuse Directive (the "Directive"), as implemented by the FSMA. Section 118 of the FSMA specifies five types of behavior that are considered to be market abuse:

- (i) insider dealing – where an "insider" (as defined below) deals or attempts to deal in securities on the basis of "inside information" (as defined below);
- (ii) improper disclosure – where an insider discloses inside information to someone else other than in the proper performance of their duties;
- (iii) manipulating transactions – where a transaction gives a false or misleading impression to the market of the supply, demand, price or value of a security or secures the price of a security at an artificial level (unless the transaction is carried out for a legitimate reason and in conformity with an "accepted market practice");

(iv) manipulating devices – where a transaction employs a fictitious device or other form of deception or contrivance; and

(v) misleading dissemination – where false or misleading information is knowingly or negligently disseminated to the market.

In addition, there are two residual categories that cover types of behavior not caught by one of the above categories but which involve either:

(i) the misuse of relevant information that is not generally available to the market or

(ii) other forms of misleading behavior or market distortion,

in each case, that a regular user of the market in question would consider to be a failure to observe reasonable standards of behavior.

“Inside information” is defined as information of a precise nature that is not generally available but which, if made generally available, would be likely to have a significant effect on the price of the company’s securities. Information is deemed likely to have a significant effect on price “if and only if it is information of a kind which a reasonable investor would use as part of the basis for his investment decisions”. In relation to the insider dealing and improper disclosure offenses of the market abuse regime, the definition of inside information is extended to include information that is indirectly related to the company as well. This extends the definition to include, for example, information, such as a change in tax treatment, which relates to a particular business sector that could impact the share price of all companies in that sector equally, in addition to information that relates solely to a specific issuer.

An “insider” is a person who has inside information as a result of:

(i) membership of the administrative, management or supervisory board of a company that has securities admitted to trading; (ii) holding securities in such a company; (iii) his employment, profession or duties; (iv) any criminal activities; or (v) other means, but where he knows, or could reasonably be expected to know, that he holds inside information.

In addition, the Code of Market Conduct published by the FSA sets out conclusive descriptions of types of behavior that will not amount to market abuse. These include:

(i) dealing with the benefit of trading information, for example, where the inside information one holds is the knowledge that one is planning to deal;

(ii) takeover activity, including stakebuilding, the seeking of irrevocable undertakings and the making of arrangements to issue securities or offer cash as part of a takeover offer;

(iii) disclosure of inside information that is required by the Listing Rules, Disclosure Rules or Prospectus Rules; and

(iv) behavior conforming with certain express provisions of the City Code on Takeovers and Mergers (the "Code"), provided that, the behavior also conforms with the General Principles under the Code.

7. Relief Requested

As discussed above, Santander is seeking exemptive relief from Rule 102 of Regulation M to permit the Derivatives Market Makers, the Asset Managers, the Insurance Company and the Brokerage Units to continue to engage in the derivatives market making and hedging, asset management, insurance and unsolicited brokerage activities described in this letter during the Restricted Period. The Derivatives Market Makers, the Asset Managers, the Insurance Company and the Brokerage Units would conduct these activities in the ordinary course of their business and in accordance with applicable Dutch law and its interpretation by the AFM in relation to the Offer, the laws of the United Kingdom and other non-US laws, all as described in this letter. Santander also asks for relief to permit Santander Investment Securities, Banesto Securities and ANSI to engage in unsolicited brokerage activities in the normal course of business in the United States, as described in this letter.

As a condition to the relief being requested, Santander would undertake to include disclosure in each Offer Document that will be distributed to the ABN AMRO shareholders. The disclosure would be substantially similar to the following:

- since the announcement of the Offer, Santander, through certain identifiable business units, and certain of its affiliates have engaged and intend to continue to engage in various dealing and brokerage activities involving RBS Ordinary Shares outside the United States;
- certain mutual fund management companies, pension fund management companies, asset management companies and insurance companies that are affiliates of Santander have purchased and sold, and intend to continue to purchase and sell, RBS Ordinary Shares and derivatives, as part of their ordinary investing activities and/or as part of the investment selections made by their clients. Santander, through its derivatives business units, has also engaged, and intends to continue to engage, in dealings in RBS Ordinary Shares and derivatives for their accounts and for the accounts of their respective customers for the purpose of market making of derivatives or of hedging their respective positions established in connection with certain derivatives activities (such as options, warrants and other instruments) relating to RBS Ordinary Shares entered into by Santander and its affiliates and their respective customers. Santander, through its brokerage business units, has also engaged, and intends to continue to engage, in unsolicited brokerage transactions in RBS Ordinary Shares with Santander's customers. These activities occurred and are expected to

continue to occur, in the United Kingdom, the Netherlands, elsewhere in Europe and elsewhere outside the United States;

- Santander's affiliates in the United States have also engaged and may continue to engage in unsolicited brokerage transactions in RBS Ordinary Shares in the United States. All of these activities could have the effect of preventing or retarding a decline in the market price of the RBS Ordinary Shares; and
- Santander has sought and received from the Commission certain exemptive relief from Regulation M in order to permit its identifiable business units and affiliates to engage in the foregoing activities during the Restricted Period.

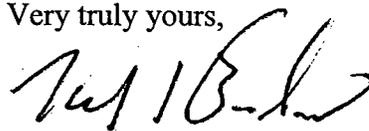
As a further condition to the relief being requested, Santander and each of the Companies will undertake to keep records (the "Records") of the date and time when any RBS Ordinary Shares are purchased or sold, the market in which the purchase or sale is effected, the amount of RBS Ordinary Shares purchased or sold and the price of the purchase or sale, for each purchase or sale of RBS Ordinary Shares made during the Restricted Period. This information will not include any client-specific data, the disclosure of which is restricted under local law. Santander will maintain Records for a period of two years following the completion of the Offer. Upon the written request of the Director of the Division of Market Regulation of the SEC, Santander will make a copy of the relevant Records available at the Commission's offices in Washington, D.C.

In connection with the relief requested by Santander in this letter, please note that substantially similar exemptive relief from Rule 101 and Rule 102 of Regulation M was granted with respect to market making, derivatives market making and hedging, asset management, insurance and unsolicited brokerage activities to Santander under your exemptive letter dated September 10, 2004 and to Banco Bilbao Vizcaya Argentaria, S.A. under your exemptive letter dated June 25, 2007, and that substantially similar exemptive relief from Rule 102 of Regulation M was granted with respect to market making, derivatives market making and hedging and unsolicited brokerage activities to Allianz SE under your exemptive letter of March 23, 2007.

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If you have any questions about this request, please do not hesitate to contact William P. Rogers, Jr. (+44 (0) 20-7453-1050; wrogers@cravath.com) or Philip J. Boeckman (+44 (0) 20-7453-1020; pboeckman@cravath.com). We appreciate your assistance in this matter.

Very truly yours,



William P. Rogers, Jr.
Philip J. Boeckman

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Division of Market Regulation
Securities and Exchange Commission
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