



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

DIVISION OF
TRADING AND MARKETS

May 10, 2021

Mr. Reuven Young
Davis Polk & Wardwell London LLP
5 Aldermanbury Square
London EC2V 7HR
England

**Re: NatWest Group plc
File No. TP 21-01**

Dear Mr. Young:

In your letter dated May 10, 2021 (your "New Request Letter"), as supplemented by conversations with the staff, you request on behalf of NatWest Group plc ("NWG"),¹ a public limited company organized under the laws of the United Kingdom and registered in Scotland, an exemption from Rule 102 of Regulation M under the Securities Exchange Act of 1934, as amended ("Exchange Act"), in connection with a distribution of the ordinary shares of NWG ("NWG Shares") by way of a placement of NWG Shares (the "Placing") to interested purchasers by United Kingdom Government Investments ("UKGI"), which manages the shareholding of the United Kingdom Treasury ("HM Treasury") in NWG.²

On August 3, 2015, the then Royal Bank of Scotland Group plc ("RBSG") requested (the "Original Request Letter"), and the Securities and Exchange Commission ("Commission") granted, RBSG an exemption from Rule 102 of Regulation M (the "Original Relief Letter") to permit RBSG and RBSG Affiliates (now "NWG Affiliates") to continue to engage in certain ongoing market activities

¹ On July 22, 2020, NWG changed its name from The Royal Bank of Scotland Group plc to NatWest Group plc. The Original Request Letter and the 2018 Request Letter use the former name The Royal Bank of Scotland Group plc.

² We have attached a copy of your New Request Letter. Each defined term in our response has the same meaning as defined, directly or by reference, in your attached letter, unless we note otherwise.

("Market Activities")³ during a distribution of RBSG Shares, by UKGI.⁴ On June 4, 2018, RBSG requested (the "2018 Request Letter"), and the Commission granted, RBSG the same exemption from Rule 102 of Regulation M (the "2018 Relief Letter") to permit RBSG and RBSG Affiliates to continue to engage in Market Activities during a distribution of RBSG Shares, by UKGI.⁵ In your New Request Letter, you seek the same exemptive relief from Rule 102 of Regulation M, as granted in the Original Relief Letter and 2018 Relief Letter, to permit NWG and NWG Affiliates to continue to engage, in the ordinary course of business and in accordance with applicable local law, in the Market Activities during the applicable restricted period in connection with the Placing.

In your New Request Letter, you reiterate the facts and representations set forth in the Original Request Letter and 2018 Request Letter and confirm that, since the date of the 2018 Request Letter, there has been no material change in the matters described therein other than the details of the Placing described in your New Request Letter.⁶

Response:

Based particularly on the representations that; (i) the withdrawal of NWG and NWG Affiliates from the market for NWG Shares and NWG ADSs, which are actively traded in the U.K., would have a harmful effect on NWG and NWG Affiliates;

³ The Market Activities by NWG Affiliates in the NWG Shares and/or the American Depositary Shares each representing the right to receive two NWG Shares ("NWG ADSs"), which all occur outside of the United States, are: the derivatives and investor product market-making and hedging activities; the asset and investment management activities; the banking-related activities; the unsolicited brokerage activities; and the stock borrowing and lending activities, as described in the Original Request Letter and the Original Relief Letter (except that the trustee and personal representative-related activities have been terminated and the unsolicited brokerage activities are conducted by NWG NWM only outside of the United States).

⁴ The Original Request Letter and the Commission's Original Relief Letter are available on the Commission's website at: <https://www.sec.gov/divisions/marketreg/mr-noaction/2015/royal-bank-scotland-080315-at1.pdf>.

⁵ The 2018 Request Letter and the Commission's 2018 Relief Letter may be found on the Commission's website at: <https://www.sec.gov/divisions/marketreg/mr-noaction/2018/royal-bank-scotland-060418-rule102-reg-m.pdf>.

⁶ In your New Request Letter, you note that as of December 31, 2020, 12,129 million NWG Shares were outstanding, held by 180,610 record holders. Approximately 61.9% of the outstanding NWG Shares were held by HM Treasury, approximately 99.89% were held of record by residents of the United Kingdom, and approximately 0.11% were held of record by non-residents of the United Kingdom on December 31, 2020. NWG's market capitalization at December 31, 2020, was £20.3 billion (approximately \$27.7 billion). During the twelve-month period ended December 31, 2020, the worldwide ADTV of NWG Shares was approximately 78.3 million shares, with a value of £107.9 million (approximately \$137.7 million).

(ii) the risk of manipulation is limited by the safeguards outlined in your Letters, including that the Market Activities are only conducted in the ordinary course of business rather than commenced or managed to facilitate the Placing; and (iii) all decisions around timing, pricing and sale of the Placing will be made by UKGI and HM Treasury, the Commission finds that it is necessary or appropriate in the public interest, and is consistent with the protection of investors, to grant, and hereby grants NWG and NWG Affiliates an exemption from Rule 102 of Regulation M to permit NWG and NWG Affiliates to continue to engage in the Market Activities in connection with this Placing, and any similar future distributions designed to dispose of HM Treasury's remaining stake in NWG, subject to all of the conditions set forth in the Original Relief Letter.⁷

This exemptive relief is subject to modification or revocation at any time. This exemption is based solely on the facts presented and the representations made in your New Request Letter. Any different facts or representations may require a different response. In the event that any material change occurs with respect to any of those facts or representations, transactions in NWG Shares and NWG ADSs must be discontinued, pending presentation of the facts for our consideration. In addition, persons relying on this exemption are directed to the antifraud and anti-manipulation provisions of the Exchange Act, particularly 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. We express 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 other federal or state laws to, the proposed transactions.

For the Commission,
by the Division of Trading and Markets,
pursuant to delegated authority,⁸



Josephine J. Tao
Assistant Director

Attachment

⁷ However, to be consistent with the representations that you have made in your New Request Letter, the first condition in the Original Relief Letter shall exclude the language, "*with the exception of the unsolicited brokerage activities and the trustee and personal representative-related activities by Citizens and certain of its subsidiaries as described in your letter.*"

⁸ 17 CFR 200.30-3(a)(6).

New York
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Madrid
Hong Kong
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Tokyo



Davis Polk & Wardwell London LLP 020 7418 1300 tel
5 Aldermanbury Square
London EC2V 7HR

May 10, 2021

Re: **NatWest Group plc: Request for Exemptive Relief from
Rule 102 of Regulation M**

By Hand and E-mail

Josephine J. Tao
Assistant Director
Office of Trading Practices
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
United States of America

Dear Ms Tao:

We are writing on behalf of our client NatWest Group plc (previously known as The Royal Bank of Scotland Group plc), a public limited company organized under the laws of the United Kingdom and registered in Scotland ("**NWG**"), about the application of Regulation M under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), to transactions by NWG and affiliates of NWG ("**NWG Affiliates**", and each a "**NWG Affiliate**") in the ordinary shares of NWG ("**NWG Shares**"), and the American Depositary Shares each representing the right to receive two NWG Shares ("**NWG ADSs**"). The request for relief relates to the distribution of NWG Shares by way of a placement of NWG Shares (the "**Placing**") to interested purchasers by United Kingdom Government Investments ("**UKGI**"), which manages the shareholding of the United Kingdom Treasury ("**HM Treasury**") in NWG. Approximately 59.8% of the outstanding NWG Shares were held by HM Treasury at March 31, 2021.

We refer to our letter of August 3, 2015 (the "**Original Request Letter**"), in which NWG sought an exemption to permit NWG and NWG Affiliates to conduct the ongoing market activities described therein ("**Market Activities**") in connection with a distribution of NWG Shares by UKGI (formerly known as United Kingdom Financial Investments) to institutional investors in a transaction that completed on August 6, 2015, and for which relief was granted (the "**Original**

Relief).¹ We subsequently sought an exemption in June 2018 (the “**2018 Request Letter**”) in connection with a further distribution of NWG Shares by UKGI to institutional investors in a transaction that completed on June 4, 2018, and for which relief was granted (the “**2018 Relief**”).² NWG reiterates the facts and representations contained in the Original Request Letter and the 2018 Request Letter and confirms that, since the date of the 2018 Request Letter, there has been no material change in the matters described therein.³

In this request letter, on behalf of NWG, we ask the staff (the “**Staff**”) of the Securities and Exchange Commission (the “**Commission**”) to grant NWG and NWG Affiliates exemptive relief from Rule 102 of Regulation M (“**Rule 102**”) to permit them to continue, in the ordinary course of business and in accordance with applicable local law, to engage during the Restricted Period (as defined below) in connection with the Placing in the types of activities described in the Original Request Letter, except for the activities described in the Original Request Letter as “Trading in NWG Shares by Trustees and Personal Representatives of Estates”, which activities NWG and NWG Affiliates no longer engage in following the divestment of NWG’s stake in Citizens Financial Group Inc. in October 2015.

The availability of the exemption that NWG is requesting would be conditioned on the undertakings set forth in conditions 1 to 7 of the Original Relief.

I. Background to the Placing

HM Treasury’s current shareholding in NWG is a consequence of its subscription for NWG Shares following placing and open offers in 2008 and 2009 as well as for the B shares⁴ and the Dividend Access Share⁵ in December 2009. The Commission has granted substantially similar exemptive relief from Rule 102 of Regulation M (i) to NWG and ABN AMRO Holding N.V. under the exemptive relief letters dated February 18, 2009, October 17, 2008 and April 21, 2008 in connection with the placing and open offers and rights offering by NWG of NWG Shares and (ii) to NWG under the exemptive relief letters dated August 3, 2015 and June 4, 2018, in connection with the distribution of NWG Shares by way of a placement of NWG Shares.

UKGI’s stated goal is, in part, to devise and execute a strategy for the disposal of HM Treasury’s investment in NWG in an orderly and active way over time. UKGI has stated that it will manage the shareholdings of UK financial institutions, including NWG, in which HM Treasury holds an

¹ A copy of the Original Request Letter and the Original Relief may be found on the Commission’s website at: <https://www.sec.gov/divisions/marketreg/mr-noaction/2015/royal-bank-scotland-080315-102.pdf>

² A copy of the 2018 Request Letter and the 2018 Relief may be found on the Commission’s website at: <https://www.sec.gov/divisions/marketreg/mr-noaction/2018/royal-bank-scotland-060418-rule102-reg-m.pdf>

³ On July 22, 2020, NWG changed its name from The Royal Bank of Scotland Group plc to NatWest Group plc. The Original Request Letter and the 2018 Request Letter use the former name The Royal Bank of Scotland Group plc.

⁴ On October 8, 2015, HM Treasury served a conversion notice upon NWG in respect of all outstanding B shares held by HM Treasury. Following the conversion of the outstanding B shares into NWG ordinary shares, HM Treasury no longer holds any B shares.

⁵ On March 22, 2016, NWG paid HM Treasury the final amount of dividend payable to HM Treasury under the Dividend Access Share, effecting the immediate retirement of the Dividend Access Share. Upon its retirement, the Dividend Access Share was re-designated as a single B-share which was subsequently cancelled.

interest on a commercial basis to create and protect value for the taxpayer and will not intervene in day-to-day management decisions.

In August 2015, UKGI sold 630 million shares in NWG (representing at the time of sale 5.4% of NWG's issued share capital) and in June 2018, UKGI sold 925 million shares in NWG (representing at the time of sale 7.7% of NWG's issued share capital), each time by way of a placing to institutional investors, thereby reducing the size of HM Treasury's overall economic interest in NWG to 62.4%. On March 3, 2021, HM Treasury published the 2021 Budget in which it indicated its intention to undertake a full disposal of its stake in NWG by 2025-26, subject to market conditions.⁶ The Placing (as described below), alongside the placings described in the Original Request Letter and the 2018 Request Letter, is designed to implement UKGI and HM Treasury's announced intention to continue to divest HM Treasury's holding in NWG.

On May 10, 2021, UKGI issued a press release announcing its intention to sell part of HM Treasury's shareholding in NWG by way of a placing to institutional investors. In it, UKGI announced that the price at which NWG Shares are to be sold will be determined by way of an accelerated bookbuilding process and that the book will open with immediate effect following the announcement. The Placing is expected to comprise approximately five hundred and eighty million (580,000,000) million NWG Shares. The Placing will be conducted in transactions exempt from or not subject to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), including outside the United States in compliance with Regulation S of the Securities Act and in the United States by way of a private placement to a limited number of institutional investors, all of whom are expected to be qualified institutional buyers as defined under Rule 144A of the Securities Act.

Davis Polk & Wardwell London LLP is acting as US counsel to NWG. NWG has provided and authorized Davis Polk & Wardwell London LLP to make on its behalf the factual representations set forth in this letter. The statements contained in the Original Request Letter with respect to UK regulation have been reviewed by Davis Polk & Wardwell London LLP.

II. The Market for NWG Shares

As noted in the Original Request Letter, the principal trading market for the NWG Shares is the United Kingdom. As noted above, NWG reiterates the factual representations set forth in the Original Request Letter and the 2018 Request Letter and confirms that, other than the divestment of NWG's stake in Citizens Financial Group Inc. in October 2015 and termination of the related market activities described in the Original Request Letter as "Trading in NWG Shares by Trustees and Personal Representatives of Estates", there has been no material change in the matters described therein since the date of the Original Request Letter. We do, however, note that as of December 31, 2020, 12,129 million NWG Shares were outstanding, held by 180,610 record holders. As at December 31, 2020, approximately 61.9% of the outstanding NWG Shares were held by HM Treasury, approximately 99.89% were held of record by residents of the United Kingdom, and approximately 0.11% were held of record by non-residents of the United Kingdom.

⁶ In connection with placings from time to time, NWG may agree with HM Treasury to make an off-market purchase of NWG Shares. Such Off-market purchase would be conducted pursuant to the Directed Buyback Contract with HM Treasury (a copy of which may be found at: https://www.sec.gov/Archives/edgar/data/844150/000110465919011451/a18-40313_1ex4d23.htm). We note the existence of the no-action relief the Staff previously granted to Barclays PLC from Rule 102 of Regulation M in connection with Barclays' proposed on-market repurchase programme conducted during a restricted period of a distribution for Regulation M purposes. A copy of the Barclays No-Action Relief may be found on the Commission's website at: <https://www.sec.gov/divisions/marketreg/mr-noaction/2007/barclays080207-102.pdf>.

NWG's market capitalization at December 31, 2020 was £20.3 billion (approximately \$27.7 billion). During the twelve-month period ended December 31, 2020, the worldwide ADTV of NWG Shares was approximately 78.3 million shares, with a value of approximately £107.9 million (approximately \$137.7 million).

III. Application of Regulation M

In connection with the Placing, UKGI, on behalf of HM Treasury, will offer and sell NWG Shares to investors inside and outside the United States and may therefore be engaged in a distribution for purposes of Regulation M. NWG is an affiliate of UKGI, by virtue of UKGI's holding 59.8% of NWG Shares as at 31 March, 2021. Furthermore, given the circumstances around the Placing, NWG may be deemed to be an "affiliated purchaser" as defined in Regulation M in respect of the Placing.

Given that UKGI will be considered a "selling shareholder" and NWG and NWG Affiliates may be considered "affiliated purchasers" of the selling shareholder, as defined in Rule 100 of Regulation M, and the Market Activities would then be subject to Rule 102 throughout the relevant restricted period for the distribution (the "**Restricted Period**"). As such, we request relief for the ordinary course Market Activities of NWG and NWG Affiliates described in the Original Request Letter as updated in the 2018 Request Letter and this letter under Rule 102 of Regulation M.

Under Rule 102 of Regulation M, without the requested exemptive relief, NWG and NWG Affiliates would not be permitted to bid for or purchase, or attempt to induce any person to bid for or purchase, NWG Shares or NWG ADSs in the ordinary course of their business and for the purposes of their Market Activities 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 NWG and NWG Affiliates to engage in the Market Activities with respect to NWG Shares and NWG ADSs during the Restricted Period as described in this letter. Therefore, without the requested exemptive relief, NWG and NWG Affiliates would not be permitted to engage in such Market Activities during the Restricted Period.

NWG believes that the continuation of the Market Activities will not have a significant effect on the market price of the NWG Shares or the NWG ADSs. The withdrawal of NWG and NWG Affiliates from the market of the NWG Shares and NWG ADSs which are actively traded in the United Kingdom would have a harmful effect on the customers of NWG and the ordinary business of NWG and the NWG Affiliates. The Market Activities of NWG described in the Original Request Letter and which NWG and the NWG Affiliates continue to carry out are also important aspects of NWG's business as a major financial institution in the United Kingdom and, therefore, interrupting those activities during the Restricted Period could also have an adverse impact on NWG's business, including its ability to properly manage its risks.

Furthermore, NWG believes that the risk of market manipulation by NWG and NWG Affiliates in connection with the Market Activities is limited by: (1) all decisions (including the decisions around timing, pricing and sale) related to the Placing will be made by UKGI and HM Treasury and NWG will only become aware of them after-the-fact; (2) the information barrier policies and procedures that are in place between UKGI and HM Treasury on the one hand and NWG and the NWG Affiliates on the other hand; (3) the fiduciary duties to which many NWG Affiliates are subject; (4) the fact that the Market Activities that are the subject of this request for exemptive relief are the ordinary course market activities of the NWG Affiliates rather than activities commenced or managed in contemplation of the Placing; (5) the fact that the Placing would be

conducted and trading by NWG and NWG Affiliates would be subject to and conducted in accordance with applicable UK and other laws; and (6) applicable UK law provides important safeguards against the type of risk of abuse that Regulation M was designed to prevent.

IV. Relief Requested

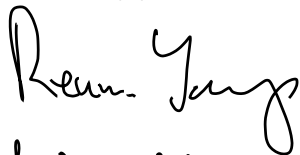
For the foregoing reasons, NWG asks the Staff to provide an exemption from Regulation M that would allow NWG and NWG Affiliates to continue to engage in the Market Activities with respect to NWG Shares and NWG ADSs in the ordinary course of their respective businesses described in the Original Request Letter, as updated in this letter, during the Restricted Period, as permitted in accordance with applicable law in the United Kingdom.

The availability of the exemption that NWG is requesting would be conditioned on the undertakings set forth in conditions 1 to 7 of the Original Relief.

* * *

If you have any questions or require any additional information about this request, please contact Reuven Young in London at 011-44-20-7418-1012 or Connie Milonakis in London at 011-44-20-7418-1327.

Sincerely yours,



for Davis Polk & Wardwell London LLP