



BZX Information Circular 12-089
BYX Information Circular 12-089

Date: September 12, 2012

Re: RBS US Large Cap Alternator Exchange Traded Notes

Pursuant to Rule 14.1(j)(2) of the Rules of BATS Exchange, Inc. and 14.1(c)(2) of the Rules of BATS Y-Exchange, Inc. (the "Exchange"), this Information Circular is being issued to advise you that the following securities have been approved for trading on the Exchange as UTP Derivative Securities pursuant to Chapter XIV of the Exchange's Rules.

<u>Security ("Notes")</u>	<u>Symbol</u>
RBS US Large Cap Alternator Exchange Traded Notes	ALTL

Commencement of Trading on the Exchange: August 13, 2012

Issuer/Trust: The Royal Bank of Scotland plc

Primary Listing Exchange: NYSE Arca

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product on the Exchange, as well as to provide certain characteristics and features of the Notes.

Background Information on the Notes

The Royal Bank of Scotland plc (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Notes") linked to the linked to the RBS US Large Cap Alternator Index (the "Index"). The maturity date is September 5, 2042. The Notes were priced at \$25 each.

The ETNs are unsecured and unsubordinated obligations of the Issuer and are fully and unconditionally guaranteed by The Royal Bank of Scotland Group plc. Any payment on the ETNs is subject to the ability of the Issuer and The Royal Bank of Scotland Group plc, as the guarantor of the issuer's obligations under the ETNs, to pay their respective obligations as they become due. The ETNs do not pay interest, and investors should be willing to lose up to 100% of their investment if the Index declines or does not increase in an amount sufficient to offset the investor fee.

The return on the ETNs will be based on the performance of the Index during the term of the ETNs. The Index is designed for investors who seek a constant exposure to large capitalization U.S. equities as well as a dynamic strategy that attempts to maximize returns by providing different exposures during different economic cycles. The Index provides exposure to either the S&P 500 Total Return Index (the "S&P 500 TR Index" or "Underlying Index 1"), the S&P 500 Low Volatility Total Return Index (the "S&P 500 Low Volatility TR Index" or "Underlying Index 2") or the S&P 500 Equal Weight Total Return Index (the "S&P 500 Equal Weight TR Index" or "Underlying Index 3", and together with Underlying Index 1 and Underlying Index 2, the "Underlying Indices" and each an "Underlying Index"), depending at any given time on the relative performance of the Underlying Indices as measured by their Relative Strength Scores. A "Relative Strength Score" is assigned to each Underlying Index on each monthly determination date (defined below) and is the simple average of the returns of that Underlying Index for the prior one-

month, three-month, six-month, nine-month and twelve-month periods. Applying a rule-based methodology, the Index will track the return of the Underlying Index with the highest Relative Strength Score on any determination date (such Underlying Index, the "Index Return Source"), but not the other two Underlying Indices, for the following month. Currently, the Index tracks the S&P 500 Low Volatility Total Return Index.

If the ETNs have not previously been repurchased or redeemed by the Issuer, at maturity investors will receive a cash payment equal to the daily redemption value of their ETNs on the final valuation date (subject to postponement if the final valuation date is not a trading day or a market disruption event exists on the final valuation date).

The daily redemption value as of the inception date is equal to the stated face amount of \$25.00 per ETN. For any valuation date thereafter, the daily redemption value per ETN is equal to (a) the daily redemption value on the immediately preceding valuation date, multiplied by (b) the index factor on such valuation date, multiplied by (c) the fee factor on such valuation date. RBS Securities Inc. (the "calculation agent") will determine the daily redemption value on each valuation date. The calculation agent will publish the daily redemption value of the ETNs for each valuation date via NYSE Arca under the symbol "TCHI.NV."

If the daily redemption value per ETN equals zero, the ETNs will be automatically accelerated on such day and will cease to be outstanding thereafter. In such event, investors will not receive any payment in respect of their investment and will lose their entire investment in the ETNs.

The index factor on any valuation date, including the final valuation date, will be equal to the Index closing level on such valuation date, divided by the Index closing level on the immediately preceding valuation date.

The fee factor on any valuation date, including the final valuation date, will be equal to one minus the investor fee, which is the product of (a) the annual investor fee and (b) the day- count fraction.

The annual investor fee will be equal to 1.00% per annum.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Exchange Rules Applicable to Trading in the Notes

Trading in the Notes on BATS is subject to BATS equity trading rules.

Trading Hours

The Notes will trade on BATS between 8:00 a.m. and 5:00 p.m. ET.

Please note that trading in the Notes during the Exchange's Pre-Opening and After Hours Trading Sessions may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Pre-Opening and After Hours Trading Sessions, (2) lower liquidity in the Pre-Opening and After Hours Trading Sessions may impact pricing, (3) higher volatility in the Pre-Opening and After Hours Trading Sessions may impact pricing, (4) wider spreads may occur in the Pre-Opening and After Hours Trading Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Pre-Opening or After Hours Trading Sessions, an investor who is unable

to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

Suitability

Trading in the securities on BATS will be subject to the provisions of Exchange Rule 3.7. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

Trading Halts

BATS will halt trading in the shares of a security in accordance with BATS Rule 14.1(c)(4). The grounds for a halt under BATS Rule 14.1(c)(4) include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, BATS will stop trading the shares of a security if the primary market de-lists the security.

This Information Circular is not a statutory prospectus. BATS Members should consult the prospectus for a security and the security's website for relevant information.

Please contact Membership Services at 913.815.7002 with any inquiries regarding this Information Circular.