

SUPPLEMENTARY PROSPECTUS DATED 26 MARCH 2010



The Royal Bank of Scotland Group plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC045551)

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312)

£90,000,000,000

Euro Medium Term Note Programme

This Supplement (the “**Supplement**”) to the Prospectus (the “**Prospectus**”) dated 16 June 2009, which comprises, except as set out therein in relation to Guaranteed Notes (as defined in the Prospectus), a base prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and is prepared in connection with the £90,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by The Royal Bank of Scotland Group plc (“**RBSG**”) and The Royal Bank of Scotland plc (“**RBS**”) (each, an “**Issuer**” and together, the “**Issuers**”). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein. This Supplement should also be read and construed in conjunction with the supplementary prospectuses dated 10 March 2010 and 24 March 2010 which have been previously published and have been approved by the Financial Services Authority and filed with it and which form part of the Prospectus.

Each Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each Issuer (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Form of the Notes

By virtue of this Supplement, the section of the Prospectus headed “Form of the Notes” shall be amended by:

- (a) the addition of the information set out in the Schedule to this Supplement at the end of the section headed “Form of the Notes” on page 35 of the Prospectus; and
- (b) the addition of the following sentence at the end of the definition of “Exchange Event” on page 34 of the Prospectus: “Applicable Final Terms may provide that for the purposes of a particular permanent global note, the definition of “Exchange Event” shall be “that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available””.

A copy of any or all of the information which is incorporated by reference in the Prospectus can be obtained from the website of RBSG at www.rbs.com and from the London Stock Exchange plc's website at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

To the extent that there is any inconsistency between any statement in the Prospectus by virtue of this Supplement and any other statement in or incorporated by reference in the Prospectus, the statements in the Prospectus by virtue of this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

Investors should be aware of their rights under Section 87Q(4) of the FSMA.

SCHEDULE

CDS

Definitions

For the purposes of this section headed “CDS”:

- (i) “**Canadian Paying Agent**” means BNY Trust Company of Canada at 4 King Street West, Suite 1101, Toronto, Ontario, Canada M5H 1B6;
- (ii) “**CDS**” means CDS Clearing and Depository Services Inc of 85 Richmond Street West, Toronto, Ontario, Canada M5H 2C9;
- (iii) “**CDS Nominee**” means CDS & CO., as nominee for CDS (or such other nominee of CDS as an authorised representative of CDS may advise);
- (iv) “**CDS Notes**” means Notes to be held in CDS; and
- (v) “**CDS Participant**” means each direct and indirect participant in CDS who is shown in the records of CDS as a holder of an interest in the CDS Notes.

CDS Notes

Notes may be issued in the form of a permanent global note deposited with the CDS Nominee, as nominee of CDS (the “**CDS Permanent Global Note**”). Beneficial interests in the CDS Permanent Global Note will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as CDS Participants. Investors may elect to hold interests in the CDS Permanent Global Note directly through any of CDS (in Canada) or (if so indicated in the applicable Final Terms) Euroclear or Clearstream, Luxembourg (in Europe) if they are participants of such systems, or indirectly through organisations which are participants in such systems.

Euroclear and Clearstream, Luxembourg will hold interests on behalf of their participants either through customers’ securities accounts in their respective names on the books of their respective Canadian subcustodians, each of which is a Canadian schedule I chartered bank (“**Canadian Subcustodians**”), which in turn will hold such interests in customers’ securities accounts in the names of the Canadian Subcustodians on the books of CDS.

All CDS Notes will be deposited with the CDS Nominee for the benefit of owners of beneficial interests in the CDS Permanent Global Note, including participants of Euroclear and Clearstream, Luxembourg. For so long as any of the CDS Notes are represented by the CDS Permanent Global Note, the relevant Issuer, the Trustee, the Agent, the Canadian Paying Agent and any other Paying Agents shall treat the CDS Nominee as the sole owner or holder of such CDS Notes for all purposes under the Agency Agreement. Principal and interest payments on the CDS Permanent Global Note issued in the name of the CDS Nominee will be made on behalf of the relevant Issuer to the CDS Nominee and CDS will distribute the payment received.

CDS Notes which are represented by a CDS Permanent Global Note will only be transferable in accordance with the rules and procedures for the time being of CDS.

Definitive CDS Notes

No beneficial owner of the CDS Notes will be entitled to receive physical delivery of definitive CDS Notes in definitive form except in the limited circumstances set out in the CDS Permanent Global Note, including the circumstances described below.

If the CDS Notes represented by the CDS Permanent Global Note are held by or on behalf of CDS and (i) CDS has notified the relevant Issuer that it is unwilling or unable to continue to act as a

depository for the CDS Notes and a successor depository is not appointed by the relevant Issuer within 90 working days after receiving such notice; or (ii) CDS ceases to be a recognised clearing agency under the Securities Act (Ontario) or a self-regulatory organisation under the Securities Act (Québec) or other applicable Canadian securities legislation and no successor clearing system satisfactory to the Issuer is available within 90 working days after the Issuer becoming aware that CDS is no longer so recognised, the relevant Issuer will issue, or cause to be issued, definitive CDS Notes in exchange for the CDS Permanent Global Note.

Direct Rights

Where payment in full of principal or interest has not been made in respect of the CDS Permanent Global Note, the relevant Issuer understands that, under existing industry practices, if the relevant Issuer requests any action of the holder of the CDS Permanent Global Note or if an owner of a beneficial interest in the CDS Permanent Global Note wishes to give or take any action which the holder of the CDS Permanent Global Note is entitled to give or take under such CDS Permanent Global Note, CDS, or its respective nominees or successors, as the case may be, as the holders of such CDS Permanent Global Note would authorise the participants through which the relevant beneficial interests are held to give or take such action, and such participants would authorise owners of beneficial interests owning through such participants to give or take such action or would otherwise act upon the instructions of the beneficial owners holding through them. The foregoing is without prejudice to the provisions of the Trust Deed.

CDS

CDS was formed in November 2006 pursuant to the restructuring of The Canadian Depository for Securities Limited (“**CDS Ltd.**”). After the restructuring, CDS Ltd., founded in 1970, remains the holding company for CDS and two other operating subsidiaries and is Canada’s national securities clearing and depository services organisation. Functioning as a service utility for the Canadian financial community, CDS provides a variety of computer-automated services for financial institutions and investment dealers active in domestic and international capital markets.

CDS Participants include banks (including the Canadian Subcustodians), investment dealers and trust companies and may include certain of the Dealers. Indirect access to CDS is available to other organisations that clear through or maintain a custodial relationship with a CDS Participant. Transfers of ownership and other interests, including cash distributions, in CDS Notes in CDS may only be processed through CDS Participants and will be completed in accordance with existing CDS rules and procedures. CDS operates in Montreal, Toronto, Calgary, Vancouver and Halifax to centralise securities clearing functions through a central securities depository.

CDS is wholly owned by CDS Ltd., a private corporation owned one-third by investment dealers, one-third by banks and one-third by trust companies through their respective industry associations. CDS is the exclusive clearing house for equity trading on the Toronto Stock Exchange and also clears a substantial volume of “over the counter” trading in equities and bonds.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available Canadian dollar funds. Secondary market trading between CDS Participants will be in accordance with market conventions applicable to transactions in book-based Canadian domestic bonds. Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Transfers between CDS and Euroclear or Clearstream, Luxembourg

Links have been established among CDS, Euroclear and Clearstream, Luxembourg to facilitate the initial issuance of the Notes and cross-market transfers of the Notes associated with secondary market trading. CDS will be directly linked to Euroclear and Clearstream, Luxembourg through the CDS accounts of their respective Canadian Subcustodians.

Cross-market transfers between persons holding directly or indirectly through CDS Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in CDS in accordance with CDS rules. However, such cross-market transactions will require delivery of instructions to the relevant clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant dealing system will, if the transaction meets its settlement requirements, deliver instructions to CDS directly or through its Canadian Subcustodian to take action to effect final settlement on its behalf by delivering or receiving CDS Notes in CDS, and making or receiving payment in accordance with normal procedures for settlement in CDS. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to CDS or the Canadian Subcustodians.

Because of time-zone differences, credits of CDS Notes received in Euroclear or Clearstream, Luxembourg as a result of a transaction with a CDS Participant will be made during subsequent securities settlement processing and dated the business day following the CDS settlement date. Such credits or any transactions in such CDS Notes settled during such processing will be reported to the relevant Euroclear participants or Clearstream, Luxembourg participants on such business day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of CDS Notes by or through a Euroclear participant or a Clearstream, Luxembourg participant to a CDS Participant will be received with value on the CDS settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day following settlement in CDS.

CREST DEPOSITORY INTERESTS

Definitions

For the purposes of this section headed “CREST Depository Interests”:

- (i) **“CREST”** means the relevant system in respect of which EUI is the operator;
- (ii) **“CREST Deed Poll”** means a global deed poll entered into by the CREST Depository (as subsequently modified, supplemented and/or restated), the form of which is included in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual);
- (iii) **“CREST Depository”** means CREST Depository Limited;
- (iv) **“CREST Depository Interests”** or **“CDIs”** means dematerialised depository interests issued, held, settled and transferred through the CREST system representing interests in the relevant Notes;
- (v) **“CREST International Settlement Links Service”** means the CREST International Settlement Links Service pursuant to which the CDIs are settled;
- (vi) **“CREST Manual”** means the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules,

CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms);

- (vii) “**CREST Nominee**” means CREST International Nominee Limited, as nominee for the CREST Depository;
- (viii) “**CREST Participant**” means a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations); and
- (ix) “**EUI**” means Euroclear UK & Ireland Limited (previously CRESTCo Limited) of 33 Cannon Street, London EC4M 5SB, United Kingdom.

CREST Depository Interests

Interests in Notes may be delivered, held and settled in CREST by means of the creation of CREST Depository Instruments (or CDIs), which are dematerialised depository interests representing interests in the relevant Notes (the “**Underlying Notes**”). CDIs are issued by the CREST Depository and are separate, independent securities constituted under English law and issued, held, settled and transferred through the CREST system by means of the CREST International Settlement Links Service and which represent indirect interests in the Underlying Notes.

A holder of CDIs is not the legal owner of the Underlying Notes. The Underlying Notes are held by the CREST Nominee. Rights in the Underlying Notes will be held through custodial and depository links through Euroclear and Clearstream, Luxembourg. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of Euroclear or Clearstream, Luxembourg in or through which the Underlying Notes are held.

Interests in the Underlying Notes will be credited to the CREST Nominee’s account with Euroclear or Clearstream, Luxembourg and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST Participants. Holders of CDIs will not be entitled to deal directly in the Underlying Notes and accordingly all dealings in the Underlying Notes will be effected through CREST in relation to holding of CDIs.

Rights in respect of the CDIs

Each CDI will be treated as one Underlying Note for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to holders of CDIs any interest or other amounts received by it as holder of the Underlying Notes on trust for such holder of CDIs. Holders of CDIs will also be able to receive from the CREST Depository notices of meetings of holders of the Underlying Notes and other relevant notices issued by the relevant Issuer of the Underlying Notes.

Rights in respect of the Underlying Notes cannot be enforced by holders of CDIs except indirectly through the intermediary depositories and custodians described above. The rights of holders of CDIs to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in Euroclear or Clearstream, Luxembourg are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

Transfers from CREST to Euroclear or Clearstream, Luxembourg

Transfers of interests in Underlying Notes (represented by CDIs) by a CREST Participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

Additional Information

The CDIs will have the same International Securities Identification Number (“**ISIN**”) as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

CDIs will be constituted and issued pursuant to the CREST Deed Poll. The rights of the holders of CDIs will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the CREST Depository (as the issuer of the CDIs) including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs. Prospective investors in Notes represented by CDIs are referred to the provisions of such CREST Deed Poll to be entered into by the CREST Depository.

Holders of CDIs will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST Manual applicable to the CREST International Settlement Links Service and holders of CDIs must comply in full with all obligations imposed on them by such provisions. Holders should note that the provisions of the CREST Deed Poll and the CREST Manual contain indemnities, warranties, representations and undertakings to be given by holders of the CDIs and limitations on the liability of the CREST Depository (as the issuer of the CDIs). Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. Holders of CDIs should referred to the terms of the CREST Deed Poll and the CREST Manual, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB, United Kingdom or by calling + 44 207 849 0000 or from the CREST website at www.crestco.co.uk.

Holders should note that the holders of CDIs may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Services.

Holders of CDIs should note that neither RBSG, RBS nor any of their agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Investors should note that any Notes issued in temporary global Note form exchangeable for a permanent global Note will not initially be eligible for CREST settlement as CDIs. As such, investors investing in such Underlying Notes through CDIs will only receive the CDIs after such temporary global Note is exchanged for a permanent global Note, which could take up to 40 days after the issue of the relevant Underlying Notes.