

Getting ready for Brexit



NatWest
Markets

October 2018

We're here for you

We know many of our customers are thinking about what's going to happen when the UK leaves the EU.

We're already hard at work behind the scenes to make sure it's business as usual from day one.

We've written this guide to explain more about our plan. And how we can help you with yours.

If you have any questions at all, email us at brexit@natwestmarkets.com. Or ask whoever you normally speak to at NatWest Markets.

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About us

We offer our customers global market access, giving them trading, risk management and financing solutions through our three trading hubs in London, Singapore and Stamford, and sales offices across key locations in the UK, EU, US and Asia.



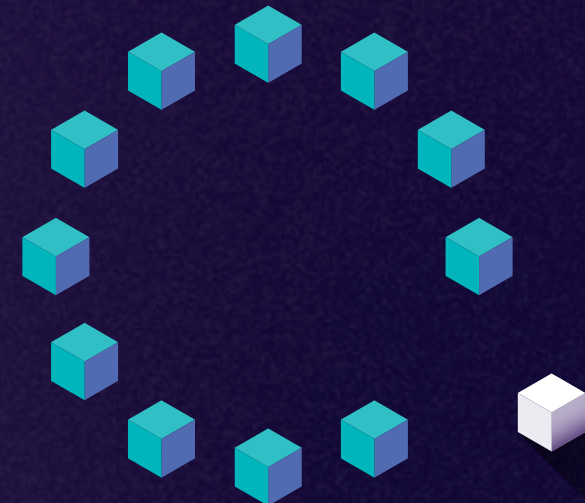
Background to Brexit

The UK is due to leave the EU on 29 March 2019. Until then, the UK is still a member of the EU. So for the time being, nothing has changed.

At the moment, we use EU passporting rights* to carry out business in other countries that are part of the EU Single Market.**

But when the UK leaves the EU, we won't have those rights anymore – unless they end up being included as part of transition arrangements or the UK and EU come to another arrangement to maintain access to the EU Single Market.

If we do lose those rights, the next few pages explain how we'll carry on serving EEA customers.



*Current EU passporting is provided from NatWest Markets Plc in the UK. **The EU passporting regulations apply to countries across the EEA – which includes not just the EU, but also Iceland, Liechtenstein, Norway as well as Switzerland (which isn't in the EU or EEA, but has access to the EU Single Market).

Our business in Europe: NatWest Markets N.V.

We already have a banking entity in the Netherlands, it's called NatWest Markets N.V.*

Once the UK leaves the EU, we'll move EEA customers over to NatWest Markets N.V. – and keep serving all our other customers as we do today. Because the Netherlands is a member of the EU, we'll be able to use EU passporting rights for NatWest Markets N.V. to serve EEA customers.

We're planning for NatWest Markets N.V. to operate with a robust capital and funding profile.

While NatWest Markets N.V. will be headquartered in Amsterdam, our plan is to set up branches in major European financial centres.

NatWest Markets N.V. will offer the same products and services that we offer today from the UK, with connections to the market infrastructure providers needed to serve you, including trading venues and counterparty clearing houses.

We anticipate that many of our customers will set up EEA and non-EEA businesses as part of their own Brexit planning.

And we're busy talking to customers now to understand how we can best support you on your own journey.

*RBS N.V. was renamed NatWest Markets N.V. on 30 April 2018.

Credit ratings**

Ratings Position as at 22 August 2018

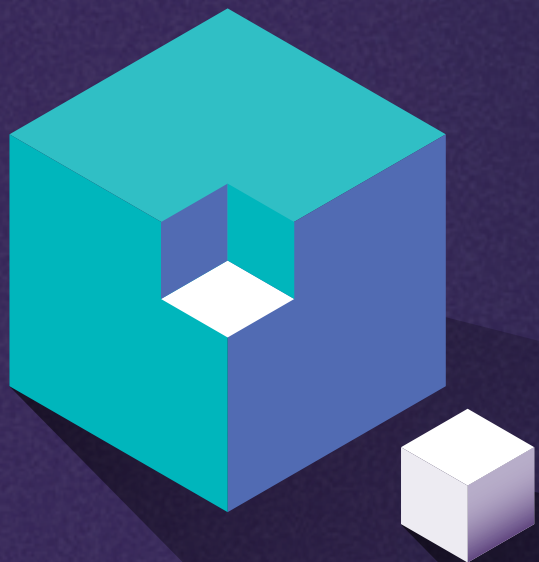
NatWest Markets Plc (previously The Royal Bank of Scotland plc)				
	Short Term Debt	Long Term Debt	Counterparty rating	Outlook
Moody's	P-2	Baa2	P-2 / A3	Positive
Standard & Poor's	A-2	BBB+	A-2 / A-	Positive
Fitch	F2	BBB+	BBB+ (dcr)	Positive

NatWest Markets N.V. (previously The Royal Bank of Scotland N.V.)				
	Short Term Debt	Long Term Debt	Counterparty rating	Outlook
Moody's	P-2	Baa2	P-2 / A3	Positive
Standard & Poor's	A-2	BBB+	A-2 / A-	Positive
Fitch	F2	BBB+	BBB+ (dcr)	Positive

NatWest Markets Securities Inc. (previously RBS Securities Inc)				
	Short Term Debt	Long Term Debt	Counterparty rating	Outlook
Standard & Poor's	A-2	BBB+	A-2 / BBB+	Positive
Fitch	F2	BBB+	BBB+ (dcr)	Positive

**To access the credit reports, please click [here](#)

Moving EEA customers to NatWest Markets N.V.



There are two ways we can move EEA customers over to NatWest Markets N.V.

One is novation. That's where we issue new contracts, changing NatWest Markets Plc for NatWest Markets N.V.

The other is through what's called a court-approved Financial Services and Markets Act (FSMA) transfer scheme. We have plenty of experience running FSMA transfer schemes, so we're very familiar with how they work.

How a FSMA transfer scheme works

Available to UK banks, FSMA transfer schemes move or replicate master documentation and open trading positions – either all in one go, or in phases – to keep any disruption down to an absolute minimum.

That means we don't have to renegotiate and get you to sign new contracts; you can know exactly when the transfers will happen; and, unlike novation, it won't trigger any lifecycle events (where old or open trades get treated like new ones).

- We carry out due diligence, coordinating with the UK's Prudential Regulation Authority (PRA) and Dutch central bank De Nederlandsche Bank (DNB), before we send the scheme to the court for approval
- As part of the FSMA scheme, there are formal communications to let everyone involved know what's happening
- We don't have to get all parties to sign new documents – once the court has approved the scheme, we send you a court-approved notice to let you know the outcome

While we expect the majority of our customers' contracts to be eligible for a FSMA transfer scheme, there may be some cases where novation will be required.

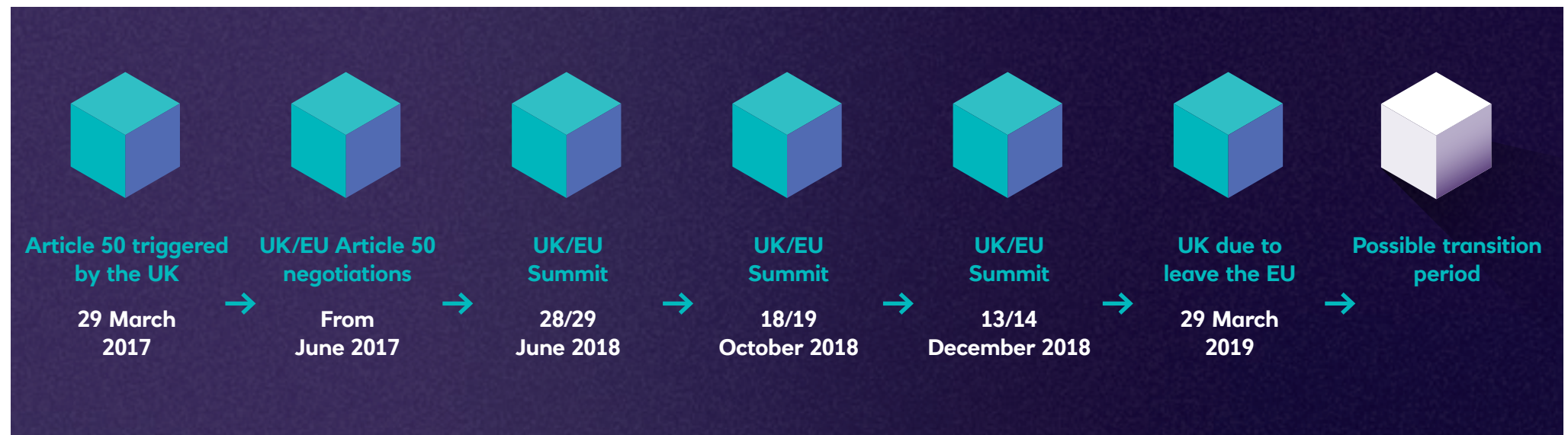
Please note: we aren't planning to change the governing law of our agreements (which is and still will be English law, in most cases).

What happens when

NatWest Markets N.V. will be ready to serve EEA customers ahead of 29 March 2019, the date the UK is due to leave the EU.

While the UK and EU have agreed a deal on a transition period in principle, that hasn't been ratified by all EU members yet. So for now, we're building our plan around that date.

We'll keep you informed along the way as we get more clarity on Brexit and as we confirm the timings of our plan.



Helping you with your plans

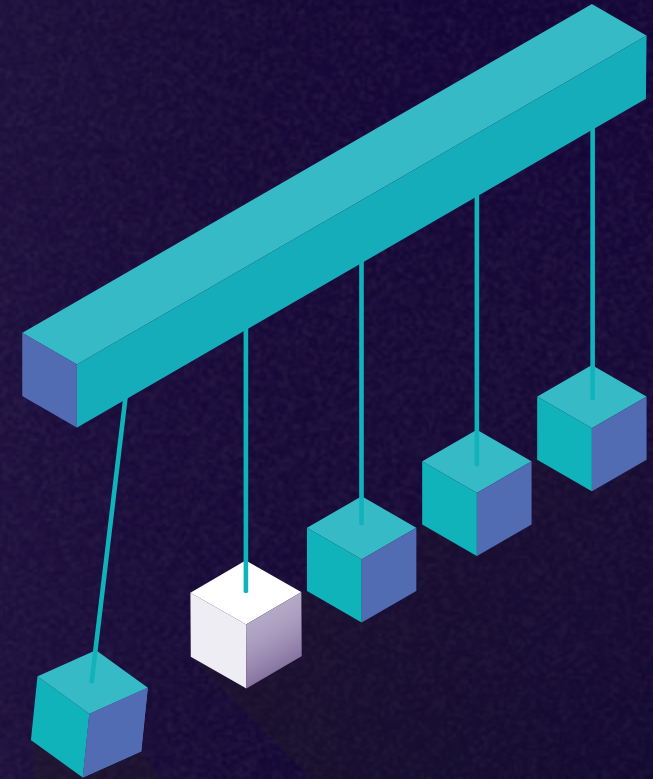
We're ready to work together with you on your own Brexit planning to minimise any disruption for you and your business. We'll keep you posted as we start putting our plan in action.

In the meantime, if you need more information from us to help with your own Brexit planning, or you'd like to set up NatWest Markets N.V. as a new counterparty, please visit the [Brexit section on natwestmarkets.com](#) or contact us directly.

Talk to us

You can email us at brexit@natwestmarkets.com or speak to your usual contact at NatWest Markets.

Please note: our plan is subject to regulatory approval.



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If you enter into an OTC Derivative transaction and decide to close out the transaction, or the transaction otherwise terminates before its scheduled termination date, you may have to pay break costs. These will be calculated by reference to prevailing market conditions and include any costs incurred by NatWest Markets in terminating any related financial instrument or trading position. Please note that such break costs can be substantial. If you enter into an OTC Derivative transaction for the purposes of hedging a loan or other debt and you subsequently wish to repay the debt (whether through refinancing or otherwise), you should be aware that it may be necessary for NatWest Markets to terminate the hedging transaction before its scheduled termination date and satisfy any liabilities that you may have to it with respect to such transaction (including break costs) before NatWest Markets will release any related security that you have provided to it.

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