

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73045 / September 10, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16074

In the Matter of

**The Royal Bank of Scotland
Group plc,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER AND CIVIL
PENALTY**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against The Royal Bank of Scotland Group plc (“RBS” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order and Civil Penalty (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of violations of the beneficial ownership reporting requirements of the federal securities laws. Section 16(a) of the Exchange Act and the rules promulgated thereunder require officers and directors of a company with a registered class of equity securities, and any beneficial owners of greater than 10% of such class, to file certain reports of securities holdings and transactions. Section 16(a) was motivated by a belief that "the most potent weapon against the abuse of inside information is full and prompt publicity" and by a desire "to give investors an idea of the purchases and sales by insiders which may in turn indicate their private opinion as to prospects of the company." H.R. Rep. 73-1383, at 13, 24 (1934). Reflecting this informational purpose, the obligation to file applies irrespective of profits or the filer's reasons for engaging in the transactions. The Sarbanes-Oxley Act of 2002 and Commission implementing regulations accelerated the reporting deadline for most transactions to two business days and mandated that all reports be filed electronically on EDGAR and posted on the company's website to facilitate rapid dissemination to the public.

2. While subject to this reporting requirement due to its beneficial ownership of more than 10% of a registered class of equity securities of LyondellBasell Industries N.V. ("LyondellBasell") and YRC Worldwide Inc. ("YRC"), Respondent violated Section 16(a) on multiple occasions by failing to timely file reports of holdings and transactions in LyondellBasell's and YRC's securities.

Respondent

3. RBS is a public limited company organized under the laws of the United Kingdom with its principal place of business in Edinburgh, United Kingdom. RBS is the holding company of a global banking and financial services group of subsidiaries.

Issuers

4. LyondellBasell is a Netherlands corporation with its principal place of business in London, United Kingdom. LyondellBasell's Class A Ordinary Shares have been at all relevant times registered with the Commission under Section 12 of the Exchange Act and traded on NYSE (ticker: LYB).

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. YRC is a Delaware corporation with its principal place of business in Kansas. YRC's common stock is and has been at all relevant times registered with the Commission under Section 12 of the Exchange Act and traded on the NASDAQ Stock Market (ticker: YRCW).

Applicable Legal Framework

6. Section 16(a) of the Exchange Act and the rules promulgated thereunder apply to every person who is the beneficial owner of more than 10% of any class of any equity security registered pursuant to Section 12 of the Exchange Act, and any officer or director of the issuer of any such security (collectively, "insiders").² For purposes of determining status as a greater than 10% beneficial owner under Section 16(a), the term "beneficial owner" is defined by reference to Section 13(d) of the Exchange Act and the rules thereunder, subject to limited exceptions. Under Section 13(d) of the Exchange Act, through the application of Rule 13d-3, "beneficial owner" is defined broadly to include "any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise" has or shares voting or investment power with respect to a registered equity security. More than one person may be a beneficial owner of the same securities.

7. Pursuant to Section 16(a) and Rule 16a-3, insiders are required to file initial statements of holdings on Form 3 and keep this information current by reporting transactions on Forms 4 and 5. Specifically, within 10 days after becoming an insider, or on or before the effective date of the Section 12 registration of the class of equity security, an insider must file a Form 3 report disclosing his or her beneficial ownership of all securities of the issuer in which the insider has or is deemed to have a direct or indirect pecuniary interest. To keep this information current, insiders must file Form 4 reports disclosing transactions resulting in a change in beneficial ownership within two business days following the execution date of the transaction, except for limited types of transactions eligible for deferred reporting. Transactions required to be reported on Form 4 include purchases and sales of securities, exercises and conversions of derivative securities, and grants or awards of securities from the issuer. In addition, insiders are required to file an annual statement on

² Because this definition of beneficial ownership includes persons who have both direct and indirect, as well as shared, voting and investment power, beneficial ownership by an entity is ordinarily also attributable to a control person of an entity and any parent company in a control relationship with such entity. See Amendments to Beneficial Ownership Reporting Requirements, SEC Release No. 34-39538, 1998 WL 7449, at *7-8 (Jan. 12, 1998). If the organizational structure of the parent and related entities are such that the voting and investment powers over the subject securities are exercised independently, attribution may not be required for the purposes of determining the aggregate amount owned by the controlling persons if certain conditions concerning independence are met. Id.

Form 5 within 45 days after the issuer's fiscal year-end to report any transactions or holdings that should have been, but were not, reported on Form 3 or 4 during the issuer's most recent fiscal year and any transactions eligible for deferred reporting (unless the insider has previously reported all such transactions).

8. There is no state of mind requirement for violations of Section 16(a) and the rules thereunder.³ The failure to timely file a required report, even if inadvertent, constitutes a violation.⁴

Respondent Failed to File Required Section 16(a) Reports on a Timely Basis

9. RBS was subject to Section 16(a) of the Exchange Act as a beneficial owner of more than 10% of the registered class of LyondellBasell's Class A Ordinary Shares from October 13, 2010 through early December 2010. Until July 22, 2011, Respondent did not file an initial statement of beneficial ownership on Form 3 or any of the required reports on Forms 4 or 5 for its reportable transactions. The late-reported transactions include open-market sales of LyondellBasell's Class A Ordinary Shares with an aggregate market value in excess of \$180 million that were executed on the following dates:

³ See Lexington Resources Inc., et al., 96 SEC Docket 229, 2009 WL 1684743, at *17-18 (June 5, 2009) ("A finding of scienter is not required to demonstrate a violation of either [Section 13(d) or 16(a)]."); Robert G. Weeks, et al., 76 SEC Docket 2609, 2002 WL 169185, at *50 (Feb. 2, 2002) ("No showing of scienter is required to prove violations of these reporting provisions."); cf. SEC v. Savoy Indus., Inc., 587 F.2d 1149, 1167 (D.C. Cir. 1978) ("Indeed, the plain language of section 13(d)(1) gives no hint that intentional conduct need be found, but rather, appears to place a simple and affirmative duty of reporting on certain persons. The legislative history confirms that Congress was concerned with providing disclosure to investors, and not merely with protecting them from fraudulent conduct.").

⁴ Cf. Oppenheimer & Co., Inc., 47 SEC 286, 1980 WL 26901, at *1-2 (May 19, 1980) ("We have previously held that the failure to make a required report, even though inadvertent, constitutes a willful violation."); Herbert Moskowitz, 77 SEC Docket 446, 2002 WL 434524, at *7 (Mar. 21, 2002) ("evidence of both motive for non-disclosure and actual market impact ... is irrelevant" to whether violations of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder occurred); see generally SEC Release No. 34-47809 (noting that an issuer's eligibility for temporary relief from disclosing Forms 4 filed one business day late by its insiders "does not change the fact that any Form 3, 4 or 5 filed later than the applicable due date violates Section 16(a)") (emphasis added).

<u>Form Type</u>	<u>Date of Trans.</u>	<u>Due Date</u>	<u>Date Filed</u>
4	11/30/2010	12/2/2010	7/22/2011
4	12/1/2010	12/3/2010	7/22/2011
4	12/2/2010	12/6/2010	7/22/2011
4	12/3/2010	12/7/2010	7/22/2011

10. The late-filed Section 16(a) reports were not made for more than eight months after Respondent filed an initial statement on Schedule 13G reporting that Respondent may be deemed to beneficially own approximately 11.7% of LyondellBasell's Class A Ordinary Shares as of October 14, 2010.⁵ Respondent also failed to file a required Form 5 to report transactions that should have been reported on Forms 4 during LyondellBasell's fiscal year 2010 but were not.

11. Subsequently, Respondent became subject to Section 16(a) of the Exchange Act as a beneficial owner of more than 10% of the registered class of YRC's common stock from September 16, 2011 through mid-October 2011. Respondent did not file until January 4, 2012 an initial statement of beneficial ownership on Form 3 or any of the required reports on Forms 4 for its reportable transactions in YRC's securities. The late-reported transactions include transactions executed on the following dates, which primarily involved open-market sales of YRC's common stock that had an aggregate market value of approximately \$2 million:

<u>Form Type</u>	<u>Date of Trans.</u>	<u>Due Date</u>	<u>Date Filed</u>
4	9/16/2011	9/20/2011	1/4/2012
4	9/19/2011	9/21/2011	1/4/2012
4	9/20/2011	9/22/2011	1/4/2012
4	9/21/2011	9/23/2011	1/4/2012
4	9/26/2011	9/28/2011	1/4/2012
4	9/27/2011	9/29/2011	1/4/2012
4	9/28/2011	9/30/2011	1/4/2012
4	9/29/2011	10/3/2011	1/4/2012

⁵ A Schedule 13G is a beneficial ownership statement filed pursuant to Sections 13(d) or (g) of the Exchange Act and the rules promulgated thereunder, which generally require any person or group who directly or indirectly acquires or holds beneficial ownership of more than 5% of a registered equity security to file a statement with the Commission disclosing certain information relating to such beneficial ownership.

<u>Form Type</u>	<u>Date of Trans.</u>	<u>Due Date</u>	<u>Date Filed</u>
4	9/30/2011	10/4/2011	1/4/2012
4	10/3/2011	10/5/2011	1/4/2012
4	10/4/2011	10/6/2011	1/4/2012
4	10/5/2011	10/7/2011	1/4/2012
4	10/6/2011	10/11/2011	1/4/2012
4	10/13/2011	10/17/2011	1/4/2012

12. The late-filed Section 16(a) reports were not made for more than two months after Respondent filed an initial statement on Schedule 13G stating that Respondent may be deemed to beneficially own approximately 19.3% of YRC's common stock as of September 16, 2011.

13. As a result of the conduct described above, Respondent violated Section 16(a) of the Exchange Act and Rule 16a-3 thereunder.

Respondent's Remedial Efforts

14. In determining to accept Respondent's Offer, the Commission considered certain remedial acts undertaken by Respondent and cooperation afforded to Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent RBS's Offer.

Accordingly, pursuant to Sections 21B and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 16(a) of the Exchange Act and Rule 16a-3 promulgated thereunder.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$120,000 to the Securities and Exchange Commission, for transmission to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Royal Bank of Scotland Group plc as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Timothy Casey, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, New York, NY 10281.

By the Commission.

Jill M. Peterson
Assistant Secretary